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Element

City of Newport Beach General Plan



Housing Element

of the

City of Newport Beach

Adopted by the Newport Beach City Council

> July 24, 1989 Resolution No. 89-80

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Table of Contents

Int	roduction Page	i
<u>I.</u>	Community Analysis Page	1
	Population Trends	1
	Housing Unit and Population Projections	6
	Employment Trends	10
	Household Characteristics	11
	Special Population Groups	18
	Housing Stock Characteristics	25
	Inventory of Land Suitable for Residential Development	38
	Energy Conservation Opportunities	52
	Housing Needs	53
	Non-Governmental Constraints	54
	Governmental Constraints	60
II.	Housing Goals, Policies, Quantified Objectives and Programs Page	83
	Housing Goals and Policies	83
	Quantified Objectives	84
	Housing Programs	88
	Program 1: Sites for New Residential Development Page	88
	Program 2: Negotiated Development	91
	Program 3: Development Assistance Page	93
	Program 4: Mixed Residential & Commercial/Industrial Use Page	95

	1984 Housing Eleme	ent Review	103
III.	Appendix		
	Program 13:	Preservation of Existing Low Income HousingPage	101
	Program 12:	Homelessness Page	100
	Program 11:	General Plan Consistency	99
	Program 10:	Review of Housing Element	99
	Program 9:	Variety of Housing TypesPage	98
	Program 8:	Housing for ElderlyPage	98
	Program 7:	Fair HousingPage	97
	Program 6:	Existing Residential DevelopmentPage	96
	Program 5:	Development Permit Process	96

The Housing Element of the Newport Beach General Plan examines residential development within the City and sets forth local policies and programs to facilitate the conservation, improvement, and development of housing for all economic segments of the community.

This element presents policies and programs which are intended to guide the City in daily decision-making regarding housing. These policies have been developed to reflect local economic and social attitudes in the community, and also to coincide with the attainment of state housing goals. These goals have been declared as follows:

- a) The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order.
- b) The early attainment of this goal requires the cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of Californians of all economic levels.
- c) The provision of housing affordable to low- and moderate-income households requires the cooperation of all levels of government.
- d) Local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.
- e) The Legislature recognizes that in carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the general plan and to cooperate with other local governments and the state in addressing regional housing needs.

This Housing Element has been prepared in accordance with Article 10.6 of the Government Code, which was adopted by the State Legislature in September 1980.

Organization of the Element

The Housing Element has been prepared in two sections and one appendix, as follows:

I. Community Housing Market Analysis

This section presents the most current and available information pertaining to the following seven subsections: (1) An analysis and projection of population and employment, an analysis of household characteristics including over-paying and an analysis of housing characteristics including over-crowding and housing stock conditions; (2) An analysis of housing needs; (3) An inventory of land suitable for residential development; (4) Non-governmental constraints to the production of housing; (5) Governmental constraints to the production of housing; (6) An analysis of special population groups; and (7) An analysis of opportunities for energy conservation.

II. Housing Goals and Policies, Quantified Objectives, and Programs

This section has three primary functions: (1) to establish the City's housing goals and policies; (2) To quantify the maximum number of housing units that can be constructed, rehabilitated, and conserved over the five year period July 1989 - July 1994; and (3) Present the City's housing programs which represent a five year schedule of actions to be implemented by the City to achieve the goals, policies, and quantified objectives of the Housing Element.

III. Appendix

Government Code Section 65588 requires the City to review the Housing Element as frequently as is appropriate and to evaluate the effectiveness of the housing goals, objectives, and policies in contributing to the attainment of the State housing goal; the effectiveness of the Housing Element in attainment of the community's goals and objectives; and the City's progress in implementation of the Housing Element. The appendix is the required review and evaluation of the 1984-1989 Housing Element.

Citizen Participation

The views and proposals of the citizens in the community have been actively solicited in the preparation of this Housing Element. Two citizen forums have been sponsored to obtain public review and comment on each portion of the Housing Element as it was prepared in draft form. The City provided notice of these meetings as well as all public hearings to a mailing list of all interested parties, including groups representing the interests of all economic segments of the community. In addition, all meetings and public hearings were advertised in the legal section a local newspaper and by means of a 3 inch by 5 inch display advertisement in a prominent location of the same local newspaper.

One study session and six public hearings before the Planning Commission, and one study session and two public hearings before the City Council, were also held in the process of Housing Element preparation.

During the 1983 Amendment two public hearings were held on the draft Element, one before the City Planning Commission and one before the City Council.

During the 1984 review and amendment process, five public hearings were held on the Draft Element; two before the City Planning Commission and three before the City Council.

During the 1989 review and amendment process, two public hearings were held before the Planning Commission and two public hearings were held before the City Council. Legal notices were published in the paper for the hearings and notices were mailed directly to housing developers and social service agencies.

Time Period Covered by the Element

This revised Housing Element covers the five-year period 1989-1994.

Review and Update of the Housing Element

The City will review this Housing Element on an annual basis to evaluate the appropriateness of objectives, the effectiveness of programs, and progress in implementation. The Housing Element will be revised again in five years (1994) in accordance with State law.

I. Community Analysis

Population Trends

The City of Newport Beach was one of the first cities to develop within Orange County. The City's rate of population growth therefore exceeded the county's through 1950. Since 1950, however, the City's proportionate gain in population has been substantially less than the county's.

TABLE 1

POPULATION GROWTH

ORANGE COUNTY AND NEWPORT BEACH: 1910-1988

	Oran Population	ge County Growth Rate	Newpor Population	t Beach Growth Rate
1910	34,436		445	
1920	61,375	78.2%	894	100.9%
1930	118,674	93.4%	2,203	146.4%
1940	130,760	10.2%	4,438	101.4%
1950	216,224	65.4%	12,120	173.1%
1960	703,925	225.6%	26,565	119.2%
1970	1,420,386	101.8%	49,442	86.1%
1980	1,932,709	36.1%	62,556	26.5%
1988	2,238,700	15.8%	69,600	11.3%

Sources: U.S. Census of Population and Housing and California Department of Finance.

This latter trend is due to the fact that the supply of vacant land to support new residential development in the City of Newport Beach is rapidly being diminished. Therefore, immigration, which is still a strong factor in population growth in Orange County, is a much lesser factor in Newport Beach.

Between 1976 and 1980, Newport Beach actually lost population, despite the fact that approximately 1500 housing units were added in the City. However, the State Department of Finance estimates that the City has increased in population to 69,600 by 1988 largely due to the annexation of the West Newport Triangle in 1980, a portion of Santa Ana Heights in 1987, and some large housing developments that were recently constructed. The vacancy rate for all year-round housing units reported by the 1980 Census was 10.1%. The vacancy rate for year-round housing units in the City in 1976 was 10.9%. This relatively high rate of vacant units is attributed to the use of many housing units as second homes for persons who have seasonal business or recreational ties to the area. The overall vacancy of year-round units actually available for occupancy at the time of the federal census was 5.2%. A 1988 survey showed an overall rental vacancy rate of 2.4% in Newport Beach and 4.1% in Corona del Mar.

The use of units as second homes actually decreased between 1970 and 1980, and does not explain the reduction in population growth relative to the increase in the number of households. This trend is attributed instead to a sizeable reduction in the average size of City households. While the average household size in 1976 was 2.36, the 1980 Census reported an average household size of 2.23. Decreases in household sizes are occurring in most communities in California; however, Newport Beach has traditionally had a household size that is smaller than the regional or state average. The continuing decrease in average persons per household is shown below:

			TA	BLE 2				
PERSONS PER OCCUPIED HOUSING UNIT								
	1960	1970	1976	1977	1978	1979	1980	1988 EST.
Newport Beach	2.7	2.6	2.4	2.4	2.3	2.3	2.2	2,2
Orange County	3.4	3.2	2.9	2.9	2.8	2.8	2.7	2.6

Various factors that contribute to this phenomenon are explored below:

- Rental housing in most urban areas is occupied by households for which the average size is smaller than owner-occupied housing. Thus, the supply of rental housing in Newport Beach, which is proportionately higher than the region as a whole, contributes to a household size that is smaller than the region as a whole.
- Many predominantly owner-occupied neighborhoods in the City were originally populated by child-rearing families. These families have matured and children have passed

through high school and left home in the same general time period. Thus, certain neighborhoods now have sizeable numbers of childless couples in the "empty nest" stage of life, causing a general reduction in neighborhood population.

- Limited opportunities exist for children who have been raised in Newport Beach to establish an independent residence in the City and to raise a new generation of children. Many young adults live in the City as renters; however, opportunities to purchase housing as a first-time homebuyer are rare. Young adults who are renting are generally not pursuing a child-rearing lifestyle. Generally, this stage of life coincides with the first purchase of housing. Thus, the City does not offer numerous housing opportunities for households that are producing young children.
- Following the national trend, many young couples are postponing child-rearing or electing not to have children at all for a variety of reasons. Such childless couples, supported by two professional salaries, are often able to afford housing in Newport Beach. In many neighborhoods homes where child-rearing families have been predominant, young childless households are now very common. Much of the reduction in neighborhood population can be attributed to this phenomenon.
- Many retired persons have moved to Newport Beach in the last ten years.

In summary, the reduction in household size in Newport Beach is the result of a reduction of child-rearing households in the City, and a reduction in the child population in the City as well. This trend is further documented on Tables 3 and 4: Population By Age, City of Newport Beach 1960-1976, and Changes in School Enrollment By Grades, January 1976-January 1988.

TABLE 3

POPULATION BY AGE

CITY OF NEWPORT BEACH 1960 - 1980

Age	1960	(% of Total)1	1970	(% of Total) ¹	1976	(% of Total)1	1980	(% of Total)1
Under 5	1,823	(6.9%)	2,343	(4.7%)	1,835	(2.9%)	1,663	(2.7%)
5-13	4,102	(15.4%)	6,434	(13.0%)	6,460	(10.3%)	5,135	(8.2%)
14-17	1,630	(6.2%)	3,799	(7.7%)	4,270	(6.8%	3,843	(6.1%)
18-34	4,715	(17.7%)	13,389	(27.1%	19,169	(30.5%)	19,342	(30.9%)
35-64	11,169	(42.0%)	18,602	(37.6%)	24,934	(39.6%)	25,285	(40.4%)
65+	3,117	(11.7%)	4,859	(9.8%	6,240	(9.9%)	7,288	(11.7%)
	•							
TOTAL:	26,556		49,426		62,908		62.,556	

Source: 1960, 1970, and 1980 U.S. Census and 1976 Special Census for Newport Beach.

 $^{^{1}\,\}mathrm{Percentages}$ do not add to 100% due to independent rounding.

TABLE 4

CHANGES IN ELEMENTARY SCHOOL ENROLLMENT BY GRADES JANUARY 1976 - DECEMBER 1988 CITY OF NEWPORT BEACH

Area	Schools	1976	1982	<u>1988</u>	Percent Change
West	Mariners Elementary ¹	516 642	558	652 386	+26.0%
of	Newport Elementary Newport Heights Elementary	575	364 417	497	-14.0%
Bay	Ensign Intermediate School	763	828	698	- 9.0%
	Anderson Elementary	673	498	493	-27.0%
East	Corona del Mar Elementary	480	,,,	(Closed in 1982)	
of	East Bluff Elementary	467	171	Closed	***
Bay	Harbor View Elementary	662	516	781	+18.0%
	Lincoln Intermediate School	1,325	634	<u>339</u>	-74.0%
	TOTAL	4,778	3,986	3,846	-20.0%

¹ A school closure in an adjacent area within the school district accounts for this enrollment increase.

Source: Newport-Mesa Unified School District.

		TABLE 5 ROLLMENT 1970 - 1988	
	1970	1980 (%)	12/88 (%)
Public ¹			
K-8	5,681	4,495 (-20.9%)	3,846 (-14.0%)
9-12	3,299	3,699(+5.4%)	
Subtotal	9,180)	8,164(-11.7%)	7,227 (-11.0%
Private ²			
K-8	882	902 (+2.3%)	895 (+1.0%)
9-12	_157	200 (27.4%)	unavailable
Subtotal	1,039	1,102(+6.1%)	
TOTAL	10,219	9,266	

Housing Unit and Population Projections

The ultimate residential capacity within the City of Newport Beach has been projected at 39,819 dwelling units within the present City limits and 5,376 dwelling units within the unincorporated sphere of influence. This projection is based on the General Plan and the City's traffic model.

This ultimate residential capacity provides the most accurate means by which to project population within the City. To project population, the following assumptions have been made:

- 1. Household size will stabilize at 2.2 persons per household by 2000. As housing costs continue to rise, more units will be occupied by unrelated persons sharing housing expenses. Additionally, a portion of the younger childless couples within the City will eventually have children, thus providing some natural population increase and partly offsetting the historical decline in household size.
- 2. Vacancy rates will decline somewhat as a result of the demand for housing and increased price of housing in Orange County. An overall vacancy rate of 10% through the year 2010 has been projected. (This 10% vacancy rate includes seasonal and migratory units not available for occupancy. The comparable overall vacancy rate in 1980 was 12.9%.)
- 3. Ultimate residential buildout in the City is projected to occur by the year 2010.

Table 6

PAST AND PROJECTED POPULATION City of Newport Beach

Current City Limits	Housing <u>Units</u>	Population	Average HH Size	Assumed <u>Vacancy Rate*</u>
1980 1987 Build-Out (2010)	31,397 34,191 39,819**	62,556 67,698 78,844**	2.23 2.20 2.20	12.9% 8.0% 7.0%
Sphere of Influence Unincor 1987 Build-Out (2010)	porated Area 442 5,376**	875 10,644**	2.20 2.20	8.0 7.0

^{*} Includes second homes occupied seasonally, about 5% of the housing stock in 1987 declining to 4% of the housing stock at build-out.

These projections indicate that the City of Newport Beach will grow at an average rate of 1.5% per year as compared to a 2.2% annual growth rate which has been projected by the Southern California Association of Governments (SCAG) (Growth Forecast Policy January 1982) for Orange County. This variance in growth rates is related to the smaller portion of undeveloped residential acreage remaining in Newport Beach. It should also be noted that population growth will be significantly affected by the assumption regarding average household size. If household size were to remain constant, the population in the year 2000 would be 78,200.

The past and future populations of both Orange County and Newport Beach are shown below. Newport Beach population will continue to constitute a lesser percentage of the county population.

^{**} Land Use Plan of General Plan

NEWPORT BEACH POPULATION AS A PROPORTION
OF ORANGE COUNTY POPULATION

Table 7

	Orange County	Newport Beach	% of County
1940	130,760	4,438	3.4%
1950	216,224	12,120	5.6%
1960	703,925	26,565	3.8%
1970	1,420,386	49,442	3.5%
1980	1,932,709	62,556	3.2%
1988	2,238,700	69,600	3.1%
Projections:			
1995	2,596,800	76,500	3.0%
2010	3,044,000	89,488*	2.9%

^{*} Including presently unincorporated areas in sphere of influence.

Sources: U.S. Census, 1980; State Department of Finance, 1986; City of Newport Beach Planning Department.

The following table was created to show historical housing and population trends based on past State Department of Finance estimates. Added to these estimates are housing unit and population projections based on estimates of actual construction. The projections are for the five year period covered by this Housing Element, 1989-1994.

Table 8 POPULATION AND HOUSING TRENDS

37			JLATION		1]	HOUSING				
Year (Jan.1	Total	House- holds	Mobile Homes	Group Otrs.	Total	Single Family	2 to 4	5 or >	Mobile Homes	Occupied	Percent <u>Vacan</u> t	Pop./ Hsehld.
1980	65,283	64,972	916	311	31,016	17,490	7,149	5,762	615	28,282	8.81%	2,297
1981	64,265	63,730	1,122	535	32,249	18,970	5,632	6,762	885	28,681	11.06%	2,222
1982	65,042	64,527	1,184	515	32,401	18,968	5,680	6,865	888	28,999	10.50%	2.225
1983	66,040	65,509	1,132	531	32,510	19,031	5,738	6,865	876	29,224	10.11%	2.242
1984	66,452	65,921	1,134	531	32,735	19,083	5,808	6,966	878	29,338	10.38%	2.247
1985	66,817	66,284	1,144	533	32,843	19,078	5,836	7,052	877	29,605	9.86%	2.239
1986	67,336	66,758	1,170	578	33,059	19,084	5,866	7,239	870	29,894	9.57%	2.233
1987	67,804	67,229	1,113	575	33,365	19,168	5,955	7,380	862	30,225	9.41%	2.224
1988	69,597	69,051	1,285	546	34,336	19,415	6,051	8,030	840	31,415	8.51%	2.198
1989	*69,966	*69,421	*1,288	*545	34,648	19,539	6,170	8,108	831	*31,699	*8.51%	*2.190
1994	*73,690	*72,940	***	*750	*36,300					*33,305	*8.25%	*2.190

Sources: The State Department of Finance, Population Research Unit; and The City of Newport Beach, Planning Department estimates (as indicated by *'s)

Employment Trends and Projections

The Newport Beach Planning Department estimated total non-construction employment to be 42,000 in 1980. In January 1988, employment was estimated to be 58,255, a 39% increase. City estimates are based on the City's computer traffic modeling which applies employment generation ratios to non-residential land uses. The projected non-residential development square footage is based on the recently amended Land Use Plan entitlements. Previous entitlements were significantly reduced by this amendment. This modeling accounts for employment that can be attributed to permanent land uses and therefore excludes miscellaneous seasonal and non-facility based employment (such as certain construction jobs, fishing, lifeguards, and certain transportation employment). The excluded employment accounts for between one and three percent of the total employment in Newport Beach.

The employment generation ratios used by the Planning Department in its traffic modeling appear in Table 9.

	TABLE 9			
EMPLOYEE GENERATION RATIOS				
Land Use Category	Land Use	Employee Generation Factor		
Commercial	Auto. Detailer	13.0/Acre		
	General	1.0/TSF		
	Hotel/Motel	.39/Room		
	Restaurant	3.2/TSF		
Office	Business	3.9/TSF		
	Medical	3.2/TSF		
Industrial	General	44/Acre		
	R&D	3.4/TSF		
G.E.I.F .	Hospital	2.3/Bed		
	Schools	.07/Student		

Employment growth in the City, like housing and population growth, will be limited at some point in the future by the finite amount of land and building space available within the City. Based on the traffic modeling employee generation factors, the 1988 employment of 58,255 will increase to 85,354 employees at build-out. This represents a 46.5% increase over the existing employment level.

Table 10 compares the City's projected employment growth with the SCAG projected employment growth for Orange County.

		TABLE 10	
	PROJECT	ED EMPLOYMENT - NE AND ORANGE COUN	
	Newport Beach	Orange County	City Employment County Employment
1980	42,000	881,700	4.8%
1984	47,715	1,048,000	4.6%
2010	85,354	1,701,900	5.0%
1. City 6	estimate is for 19	984.	
Sources:	SCAG Growth	Forecast and City estimate.	

Analysis of Employment Trends and Projections

The employment in the City is expected to increase by 79% between 1984 and 2010, compared to a SCAG-projected regional growth rate of 62% during that same period. The City will have about 5.0% of the jobs in Orange County by the year 2010.

Between 1989 and 1994, employment should increase by about 6,160 jobs. It is estimated that there are 1.65 workers per non-elderly household. Therefore, 6,160 jobs would provide employment for about 3,733 households. Based on the percentage of households living and working in the City in 1980 (about 37%), 6,160 jobs would translate into a housing demand of 1,450 units if a 5% vacancy factor is included. Actual housing demand resulting from the additional employment will depend on the type of jobs created, the availability of housing in communities near Newport Beach at costs available to those workers.

Household Characteristics

Ethnicity

The 1980 U.S. Census reported the following ethnic and racial identification of City households. Comparative figures for Orange County are also provided.

TABLE 11

ETHNIC AND RACIAL IDENTIFICATION OF HEAD OF HOUSEHOLD CITY OF NEWPORT BEACH AND ORANGE COUNTY

	Heads of Household	Newport <u>Beach</u>	Orange County
Non-Minority White Black ¹	26,726	96.00%	84.32%
	61	.22%	1.15%
American Indian Eskimo, & Aleut ¹ Asian & Pacific Islander	49	.18%	.62%
	294	1.06%	3.24%
Other	109	.39%	1.15%
Spanish Origin	581	2.09%	10.19%
White (461) Black (3) American Indian (1: Other (104)		2.07 / 0	20.27 /0

¹ Excludes persons of Spanish origin, shown separately. Source: U.S. Census Bureau 1980.

TABLE 12
HOUSEHOLDS BY TYPE AND ETHNICITY (1980)

Т	otal HH	White	Black	Asian/ Other	Spanish Origin ¹
Total Housholds	27,820	27,187	64	569	581
Non-Family HH	12,081	11,748	41	292	30
Single	8,644	8,431 ²	25^{2}	144 ²	168
Family Households	15,739	15,439	23	277	181
Married Couples	12,851	12,618	16	217	181
With Children	4,463	4,337	6	120	82
Without Children	8,388	8,281	10	97	99
Single Parent w/Children	1,479	1,440	3	36	49
Female-Headed	1,197	1,168	3	26	37
Other Family	1,409	1,381	4	24	42

¹ Spanish Origin may be of any race.

Source: U.S. Census Bureau.

² Numbers do not add to total due to estimation of sampling error.

Household Incomes

The median household income in Newport Beach has traditionally been higher than that of Orange County. In 1970, the City's median income was 34.2% higher than the county figure. In 1980, the City's median household income was 20.7% higher that the County's household median income.

TABLE 13

ACTUAL AND PROJECTED MEDIAN HOUSEHOLD INCOMES ORANGE COUNTY AND NEWPORT BEACH

	Orange County	Newport Beach	(% of) County
1960 ¹	\$ 7,219	\$ 8,571	(+18.7%)
1970 ¹	\$12,244	\$16,435	(+34.2%)
1976	\$16,800 ²	\$20,875 ²	(+24.3%)
1980	\$22,806 ¹	\$ 27,516	(+20.7%)
1988 (Est.)	\$39,950 ³	\$47,950 ³	(+75.1%)

Sources: 1. U.S. Census.

- 2. 1976 Special Census for Newport Beach.
- 3. Estimate based on HUD-calculated county median income for March 1983.

TABLE 14

1980 AND 1984 ESTIMATED CITY OF NEWPORT BEACH HOUSEHOLD INCOME

Income	<u>Number 1980</u>	(%)	Number 1984 ²	<u>(%)</u>
\$ 0- 4,999	1,899	6.8%	1,682	5.6%
\$ 5- 9,999	2,341	8.4%	2,074	7.0%
\$10- 14,999	2,792	10.1%	2,468	8.3%
\$15- 19,999	2,877	10.4%	2,552	8.6%
\$20- 24,999	2,683	9.7%	2,407	8.1%
\$25- 29,999	2,186	7.9%	1,939	6.5%
\$30- 34,999	2,017	7.3%	1,787	6.0%
\$35- 39,999	1,827	6.6%	2,492	8.4%
\$40- 49,999	2,635	9.5%	3,595	12.1%
\$50- 74,999	3,296	11.9%	4,470	15.0%
\$75,000 +	3,183	11.5%	4,352	14.6%
TOTAL	27,736 ¹		29,818	

¹Total does not add to total number of households due to rounding

The households which are moving to Newport Beach to purchase housing are likely to be in an income category that is well above the estimated median income for the City. The income required to purchase the 1983 average-priced home of \$330,100 is between \$134,000 and \$144,000, depending on assumptions one makes regarding the downpayment, percent of income devoted to housing payments, and the type of loan.

It should be stated that the incomes of households purchasing housing in Newport Beach do not accurately characterize the average household residing within the City. A review of 1980 Orange County Assessor's Property Tax Rolls indicates that 62.3% of all single-family homeowners bought their housing before January 1, 1977. Before this date, owner-occupied housing in the City was more accessible to moderate-income families. The amount of rental housing in the City, approximately 50% of the housing stock, also has a strong influence on the overall household income.

²Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development.

Housing Affordability

Housing affordability is best assessed by analyzing the level of payment as compared to the ability to pay. The most recent survey data on the amount of income spent on housing expenses in the City of Newport Beach comes from the 1980 U.S. Census. For renters, about 54.5% of the households spent 25% or more of their income on rent. For homeowners, about 34.7% of the households spent about 35% or more of their monthly income on mortgage payments. Currently, lenders are allowing households to pay between 29% and 35% of their gross income for housing. Table 18 shows the relationship of income spent on housing by income group.

In its 1988 Regional Housing Needs Assessment, the Southern California Association of Governments calculated that 4,431 lower-income households, 14% of all households, paid more than 30% of their income for housing. According to SCAG estimates, 2,625 very low-income households and 1,806 low-income households pay more than 30% of their income for housing.

TABLE 15
INCOME GROUP HOUSING EXPENDITURE
(1980)

Rent/Mortgage as a % of Income	\$0-4,999 Renters Owners	\$5,000-9,999 Renters Owners	\$10,000-14,999 Renters Owners	\$15.000-19,999 Renters Owners	\$20,000 + Renters Owners	TOTAL Renters Owners
0-24%	0.5% - 21%	1.4% - 33.7%	11.9% - 40.0%	25.0% - 54.7%	79.7% - 72.3%	45.5% - 63.3%
25-34%	2.1% - 11.5%	8.7% - 10.9%	20.5% - 17.4%	37.5% - 15.5%	19.1% - 14.0%	19.3% - 14.0%
35% +	97.4% - 67.5%	89.9% - 55.4%	67.6% - 42.6%	37.5% - 29.8%	1.2% - 13.7%	35.2% - 22.7%

(1988) HOUSEHOLDS PAYING OVER 30% OF INCOME

	Owners	Renters	TOTAL
Very low Income	553	2,072	2,625
Low Income	305	1,501	1,806
TOTAL	858	3,573	4,431

Sources: U.S. Census (1980), Southern California Association of Governments (SCAG).

From this table, it appears that among those households earning 80% or less of the City median household income, the number of households paying more than 25% (30% in 1988) of their income for rents or mortgage payments is significant. It should be noted that a large number of the lower-income households paying more that 25% of their income for housing are likely to be students. The large number of renter households is also supporting evidence that a large number of households paying over 25% to 30% of their income for housing are students. (See Special Population Groups, Students.) Those households in the moderate- and upper-income groups do not appear to have any housing affordability problem.

The number of higher-income households paying more than 25% of their income for housing is an indication of unique standards of housing affordability in Newport Beach. Many households allocate a higher percentage of their income for housing because of the unique environmental features of the community which are purchased with the housing unit. In addition, a higher allocation of income toward housing is perceived to be justified because of the investment qualities of housing in the City. Finally, higher expenditures on housing may be justified when tax advantages of such an arrangement are considered, and also on the expectation that incomes will increase while housing expenses remain fixed.

Overcrowding

The substantial reduction in the average household size in the City of Newport Beach indicates that the majority of City households are not overcrowded in terms of persons per dwelling unit. The 1980 Census figure of 2.23 persons per dwelling unit is well below the state and regional average.

In 1980, non-family households, households composed of individuals unrelated by kinship, law, or marriage, comprised 43.6% of all households. By definition, all other households, 56.4%, were family households.

The most common household type in the City of Newport Beach was couples without children. This household type comprised 52.4% of all family households and 29.6% of all households. The second most common household type was single-person residence, comprising 31.3% of all City households. Only 16.3% of all households were two-parent families with children.

The 1970 Census indicated that 134, or 1.2%, of all owner-occupied units and 249, or 2.9%, of all renter-occupied units in Newport Beach in 1970 were occupied by more than 1.01 persons per room. In 1980, these figures were 84 (0.6%) for owner-occupied units and 212 (1.6%) for renter-occupied units. These percentages compare with county figures of 5.2% overcrowding among owner-occupied units, and 7.8% overcrowding among renter-occupied units. The rate of overcrowding, therefore, was substantially less in Newport Beach than it was in the county in 1970, and has decreased since that time.

In 1980, the incidence of overcrowding is most frequent among households where unrelated persons are sharing housing expenses. This household arrangement is common

among students as well as seasonal visitors renting units in West Newport, Balboa Peninsula, and Balboa Island. Although the 1980 Census reports an average household size in these areas of 2.18, 2.10 and 2.06 respectively, overcrowded conditions have been observed. Overcrowding in such instances is related to the desirability of housing in these areas, especially among students, and the willingness to "double up" in living arrangements in order to decrease housing costs. The incidence of overcrowding in West Newport, Balboa Peninsula, and Balboa Island was 1.0%, 0.6%, 1.0% respectively.

Special Population Groups

Students

Newport Beach provides a significant supply of housing for students attending both the University of California at Irvine and Orange Coast College in Costa Mesa. It is estimated that approximately 800 UCI students and a comparable number of OCC students reside in Newport Beach. However, any numbers obtained for students should be considered with caution. Both campuses stress that they neither have exact data on students living in Newport Beach, nor can they guarantee that those students who claim to live in the City actually do. As an example, if a student's parents live in Newport Beach, he or she may continue to list that address even while living elsewhere. While the Student Housing Offices do provide information to students on locating housing, the students do not necessarily obtain their housing through the offices. Also, the Student Housing Offices have no way of following up on the residences of the students.

The UCI Housing Office has completed a study on housing costs for 1988. Rents range from \$596 per month for a one bedroom, one bath apartment, to \$1,543 per month for a four bedroom, two bath. The study was based on the number of rooms and made no distinction between apartments and homes. Average costs, based on students helped, are as follows:

TABLE 16

UCI OFF-CAMPUS HOUSING OFFICE HOUSING COSTS FOR NEWPORT BEACH -- 1988

1 bedroom, 1 bath \$ 596/mo 2 bedroom, 1 bath \$ 750/mo 3 bedroom, 2 bath \$1,180 mo 4 bedroom, 2 bath \$1,543/mo

Most of the students reside in the West Newport, Balboa Peninsula areas and Balboa Island. The rents for Balboa Island are slightly higher than elsewhere. Students are able to afford these prices by living with other students and sharing costs. A drawback to this practice is that it may lead to overcrowded conditions. The housing needs of students could

best be met by providing more compact and efficient units that would rent at a lower cost. Student needs could possibly be met by boarding houses or by facilities such as a communal dormitory with a cafeteria.

Handicapped

The 1980 Census reports that 1,143 persons, or 1.8% of the City population had a permanent mental or physical handicap which prevented them from using public transportation. Over 69% of those individuals were 65 years of age or older. Public transportation disability is an indicator of special housing needs of handicapped persons. This is the only source of information on handicapped persons which the Census provides. Those with handicaps include persons who are blind, deaf or mute, or confined to bed or a wheelchair, or require crutches. A survey conducted by the Dayle McIntosh Center for the Disabled in 1987 questioned 14,000 disabled residents in Orange County. The study concluded that the two most prevalent housing needs for persons with disabilities are accessibility and affordability. Individuals that are mobility impaired require special housing or structural needs. These include, but are not limited to, wheelchair ramps, widened doorways, grab bars, and access ramps. Certain individuals may require housing which has better access to health care facilities.

From the Census data available, it is not possible to determine how many of these handicapped persons are in need of housing assistance. However, the City was able to produce two units designed for handicapped occupancy in one of its rent restricted, financially assisted housing developments. The rental on these two units is restricted so as to allow the use of Section 8 rental assistance certificates or vouchers. These units are also located in close proximity to the largest concentration of health care facilities within Newport Beach.

Female Head of Household

Census data from 1980 reveals that there were 2,121 female-headed households within Newport Beach. Of these, 1,224 (57%) had related children under 18 years of age, and 181 had related children under 6 years of age. It is not possible to determine, from Census data, how many of these households are in need of housing assistance, below 80% of County median household income and paying more than 30% of their income for housing. However, Census data also reveals that 264 of the total female-headed households were below poverty status for a family of four. Of those 264 households, 202 had related children under 18 years of age, and 32 had related children under 6 years of age. Until the results of the 1990 Census are published, the City will not have more current information.

The City has been able to produce a significant number of rent restricted units with rents that qualify for Section 8 rental assistance which are the type of units which would satisfy the housing needs of this group. However, an inadequate supply of Section 8 Rental Certificates and Vouchers has, on occasion, allowed some of these units to sit vacant for two months or more.

Elderly

In 1980, 7,288 persons, or 11.7% of the City population, were 65 years of age or older. Those 62 years of age or older totalled 9,196, and made up 14.7% of the population. Since 1960, the elderly population in Newport Beach has steadily grown, and there is no indication of this trend reversing. The percentage of older persons in the City is large compared to the region; in 1970, when 12.3% of all City residents were 62 years of age or older, only 8.4% of all county residents were in this same age category. In 1980, 17.1% of Newport Beach residents were 60 years of age or older, whereas only 11.9% of Orange County residents were 60 years of age or older. Due to the aging of the "baby-boomers" and the following "birth-dearth" of 10 years ago, in which the nation's birth rate was the lowest ever, the 65 years and older age group has been, proportionately, the fastest growing segment of the total population in the last two decades. Owing to the attractive atmosphere of Newport Beach, the area may well continue to serve as a destination for retirees.

Many elderly persons residing in Newport Beach are long-time residents. However, as indicated, many others have more recently arrive to pursue a retirement lifestyle that is well suited to the area's attractive locale. Those persons in the latter category are generally well-housed because their housing arrangement has been chosen to match their retirement lifestyle and financial situation. Persons in the former category, however, are more often than not living in houses which they purchased before sky-rocketing real-estate prices. If these individuals were to move to the City today, they would be unable to afford the house in which they are currently living. Furthermore, these homes may no longer match their housing needs in terms of living space, maintenance and location in respect to community facilities. Thus, persons living on low, fixed incomes may be "housing rich" in terms of the accumulated equity in their homes, but poorly served by the housing unit itself. In such cases, elderly residents may retain their houses only because they wish to remain in the community. Alternative living arrangements in the community, involving smaller units close to commercial and transportation facilities with some congregate services, would better serve the housing needs of this population segment.

Many elderly residents in the City reside in mobile home parks. A number of long-time elderly residents live in the older parks which were developed in the 1950's and 1960's, while others live in parks which are close to the bay and which cater to a retirement lifestyle.

Large Families

In this analysis, the City has examined total households and families with five or more persons. For clarification, families are groups of persons related by blood, marriage or adoption. Households represent all persons living together as groups, whether they are related or not.

The 1980 Census reported that of the 27,736 total households in the City, 1,515 (5.4%) contained 5 persons or more. Of these 1,515 large households, 1,383 (91.2%) were large families. Thus, the remaining 133 (8.8%) households were non-related individuals living

together as household groups; these households represented 0.5% of the total households in the City. The large family households represent 5% of the total households in the City and 8.8% of the 15,656 total families. Table 17 shows the distribution of the number of persons per family and household as indicated in the 1980 Census. As indicated in Table 18, in 1980, 131 (0.8%) of these large families were low income families earning less than 80% of the County median family income (\$13,045). Thirty-one (0.1%) households at that time paid more than 30% of their income towards housing costs, and 19 (0.07%) of those households fell in the very-low category.

The above information shows that there is a demand for large units to meet the needs of low and very-low income large households. The City has been able to produce two units for large family occupancy. The rental on these units is restricted at a level that allows the use of Section 8 Certificates and Vouchers.

Persons	<u>Families</u>	Percent	<u>Households</u>	Percent
1			8,686	31.3%
2	8,624	55.1%	10,581	38.1%
3	3,257	20.8%	4,184	15.1%
4	2,393	15.3%	2,770	10.0%
5	1,051	6.7%	1,120	4.0%
6	222	1.4%	260	.9%
7+	109		135	.5%
TOTAL	15,656		27,736	

TABLE 18 PERSONS IN FAMILY BY FAMILY INCOME 7+ Total Income Range 46 8 0 3 467 \$ 4,999 276 131 72 0 743 546 110 15 0 \$ 5,000- \$ 9,999 208 97 6 7 0 1,041 \$10,000- \$14,999 723 68 13 1,510 \$15,000- \$19,999 997 273 148 11 1.510 \$20,000- \$24,999 997 273 148 68 13 11 2,548 1,395 459 129 39 5 \$25,000- \$34,999 521 2,997 1,525 699 507 168 61 37 \$35,000- \$49,999 \$50,000- \$74,999 1,272 576 525 209 46 9 2,637 \$75,000 + **MEDIAN** \$31.849 \$38.096 \$42.358 \$58,792 \$46.875 \$44,200 Source: 1980 Census

Homeless

According to most reports, the number of homeless persons appears to be growing. However, before any programs can be implemented to help these people, the nature and numbers of the homeless are needed. Among the homeless population there is a variety of reasons for homelessness. The following situations describe several of the most common reasons for homelessness, but it is not intended to be all inclusive.

- a. Single adult (usually male) transients who pass through a community on the way to some other destination, but who do not stay.
- b. Seasonal or migrant homeless individuals, mainly farm workers and fisherman.
- c. Chronically homeless, single adults, including non-institutionalized, mentally disturbed individuals, alcohol and drug abusers, elderly individuals with insufficient incomes, and others who voluntarily, or are forced, due to financial circumstances, to "live on the streets."
- d. Minors who have either run away from home or have been "thrown out."
- e. Low-income families who are temporarily homeless due to financial circumstances or are in the process of searching for a home. Single-parent families, mostly female-headed, are especially prevalent in this group.

- f. Women (with or without children) who are escaping domestic violence. Men may also fall into this category.
- g. Persons displaced as a result of disaster with no short term means of providing shelter.

When this analysis was originally prepared in December of 1986, the City examined available data sources and contacted governmental agencies, quasi-public organizations, social service agencies, religious organizations, private firms and persons involved in providing emergency shelter. These sources revealed that there were no precise data available on the total number of persons and families in need of emergency shelter in Newport Beach. Due to the nature of these individuals, primarily their mobility and lack of identifiable residence, it is difficult, if not impossible, to obtain an accurate census of their numbers. Coupled with this problem is the potential of double counting individuals as they move from one agency to another.

During the initial preparation of the analysis, the City also researched governmental sources such as the 1980 Federal Census, the United States Department of Housing and Urban Development (HUD), the State Department of Housing and Community Development, the Southern California Association of Governments, Orange County Housing Authority, and the Orange County Offices of Environmental Management, Human Resource and Social Services. This revealed that neither a formal data system to enumerate the homeless, nor precise counts of homeless persons exist. A national study undertaken by HUD in 1985 estimated that between 6-10,000 persons in Orange County needed emergency shelter at any given time. In contrast, the Orange County Coalition for the Homeless also prepared a report on a survey they conducted in 1985. The report stated that the survey was conducted for one month at agencies providing homeless services and counted 3,169 homeless persons in Orange County. A more detailed and up-to-date census of homeless persons is currently being conducted by UC Irvine, in cooperation with the Orange County Homeless Issue Task Force. It is hoped that this study will provide a more accurate picture of the homeless situation in Orange County.

Research of local agencies once again consisted of contacting those groups that provided assistance to persons in need of emergency shelter and assistance. When the first analysis was prepared, this research was hampered by a lack of information concerning these agencies. However, since the last analysis, the City has been requiring Social Service agencies receiving CDBG funds to provide information pertaining to the last permanent residence of those persons helped. This data gathering requirement was established as part of a Housing Element program implementation action. In many cases better information has been provided, in other cases improved counting is still required. Agencies without the expanded reporting requirements could not provide better information than in 1986.

The Orange Coast Interfaith Shelter (OCIS) is one such agency providing records of service to the City as part of the reporting requirements of the CDBG program. Based on this more detailed information for the period January 1, 1988 through December 31, 1988, 527 families or 1,445 persons were temporarily housed. Based on a report of last per-

manent address, 79% of these families were former residents of Orange County, 12% arrived from other California cities outside of Orange County, 8% migrated from outside of California, and less than 1% were from other countries. Newport Beach families accounted for only 1.1% (6 families) of the total. The ethnic breakdown revealed that 60% of the individuals were White and non-Hispanic, and 24% were of Hispanic origin. The percent Black was 13%, and only 1% were Asian. Of the total, 8.5% had females as head of households.

The YWCA Hotel for Women provides shelter, food, counseling, job-search, and housing-search assistance for homeless women. The City also provides CDBG funds to this organization, and likewise, requires expanded reporting information. From July, 1987 through June, 1988, the Hotel assisted 296 women. Over 50% of these women were between the ages of 25 and 44, and 46% of the total assisted had no income when they arrived. Statistics show that only 2% (6 women) lived in Orange County, 14% lived in other California cities, and 8.5% came from elsewhere in the United States. As a group, women entering the Hotel were 70% White, 45% single, and 66% had only a high school education.

The City also assists smaller organizations with CDBG funds, such as the Newport Beach-Costa Mesa YMCA. This organization offers temporary housing and related support services. Based on two quarters, the YMCA provided temporary housing for 31 Newport Beach individuals. However, due to the incomplete nature of the data submitted to the City, it remains unclear whether or not the same individuals were helped more than once during this period. The City has contacted the YMCA about their reports and it is not clear from their information if the 31 reported individuals may have been counted more than once, or are in fact, 31 different people. If this program continues to be funded, attempts will be made to clarify this information.

FISH-Harbor Area (Friends in Services to Humanity) is another organization receiving CDBG funding from the City. Between July, 1987, and June, 1988, FISH provided assistance to approximately 103 homeless, of which 39 persons (37%) listed newport Beach as their last permanent address. As with the YMCA, the data is too weak for making conclusions. It is not clear is the same people are being assisted more than once.

The American Red Cross also assists persons temporarily displaced from their residence due to disasters such as fires. During 1988, the Red Cross provided assistance for one Newport Beach family after their home burned down. Between January 1989, and April 1989, the agency reported helping only one family. This agency does not request CDBG funding from the City.

Aside from the organizations discussed above, other volunteer groups and a variety of local religious organizations serve Newport Beach and the surrounding communities in numerous ways. These agencies offer assistance to both homeless individuals and needy persons by providing temporary shelter, bus fares to reach pre-planned destinations, rental assistance, medical assistance, food and clothes.

Located in Santa Ana, the Salvation Army provides a hospitality house, with 50 beds for the homeless to use on a nightly basis. Some One Cares Soup Kitchen, a volunteer organization, does not offer temporary housing, but does offer meals to the homeless and needy. The Soup Kitchen takes monthly surveys and the most recent survey revealed that of the approximately 200 people served daily, 34% lived on the streets and 26% lived in a car. It is not known how many of the homeless were from Newport Beach.

Several motels in the Newport Beach-Costa Mesa area are utilized by various agencies to accommodate homeless persons. These agencies pay all or a portion of the costs. One Newport Beach motel operator reported offering reduced rates to homeless persons when vacant units were available.

Based on available data, it is estimated that no more than 50 people who were permanent residents of Newport Beach will become homeless for varied periods of time during a one year period. It is further estimated that an additional 50 temporary residents of Newport Beach might become homeless for varied periods of time on an annual basis. An undetermined number of transients or chronically homeless individuals will pass through Newport Beach. Much of this depends on opportunities and conditions presented to these individuals within Newport Beach and the surrounding communities.

The housing needs of these individuals includes transitional housing in the form of single room occupancy units (SROs and more shelters, both emergency and transitional). Due to the high costs of these types of facilities, it may be necessary to form a county-wide effort to provide this assistance.

Housing Stock Characteristics

Residential Growth and Dwelling Unit Types

Between April 1970 and April 1980, 8,919 housing units were added to the housing inventory in the City of Newport Beach. This indicates an average yearly increase in the housing stock of approximately 892 housing units. Since 1980, this rate of increase has slowed significantly. Between April 1980 and January 1989, 3,642, an average of 404 housing units per year, were added to the housing stock. Actual units constructed each year since 1976 are listed in Table 19.

TABLE 19

NET ADDITIONS AND TOTAL HOUSING UNITS
1976-1989

Year	Total Housing Units At Year Start	Net Additions <u>During Year</u>	Total Net Additions
1976	29,530	357	
1977	29,687	437	
1978	30,324	446	
1979	30,770	246	
1980	31,016	1,233	
1981	32,249	152	
1982	32,401	109	
1983	32,510	225	225
1984	32,735	108	333
1985	32,843	216	549
1986	33,059	306	855
1987	33,365	971	1,826
1988	34,336	312	2,138

To this total must be added the West Newport annexation and the discrepancy between the City's records and the 1980 Census count. The actual total number of housing units as of January 1, 1984, is estimated to be 32,489. The number of housing units in 1976 and in 1980 in each statistical area of the City is shown on Table 20.

TABLE 20

HOUSING UNIT MIX

Housing Unit Type	Number of Units	Percent of Total
Single-Family Detached	15,212	43.9%
Single-Family Attached	4,327	12.5%
Duplex to Fourplex	6,170	17.8%
Multi-Family	8,108	23.4%
Mobile Home	<u>831</u>	2.4%
CITY TOTAL	34,648	100.0%

Source: State Department of Finance, Population Research Unit, January 1, 1989. This housing unit mix compares to Orange County and neighboring cities as follows:

TABLE 21
HOUSING UNIT COMPARISONS

	Single- Family	Multiple <u>Units</u>	2 - 4 Multiple <u>Units</u>	5 or more Mobile Homes	TOTAL
Newport Beach	19,415	6,051	8,030	840	34,336
	(56.5%)	(17.6%)	(23.4%)	(2.4%)	(100%)
Costa Mesa	17,535	5,200	13,594	953	37,282
	(47.0%)	(13.9%)	(36.5%)	(2.6%)	(100%)
Huntington Beach	42,326	9,061	16,109	2,683	70,179
	(60.3%)	(12.9%)	(23.0%)	(3.8%)	(100%)
Laguna Beach	8,319	2,027	2,019	446	12,811
	(64.9%)	15.8%)	(15.8%)	(3.5%)	(100%)
Orange County	501,211	83,137	218,165	26,893	829,406
	(60.4%)	(10.0%)	(26.3%)	(3.2%)	(100%)
California	6,517,313	896,382	2,823,942	470,617	10,708,254
	(60.9%)	(8.4%)	(26.4%)	(4.4%)	(100%)

Source: State Department of Finance, Population Research Unit, January 1, 1988.

Residential Densities

Residential densities in many neighborhoods in the City of Newport Beach are very intense. Densities have been estimated by dividing residential acreage (as of 1972) by current dwelling unit counts.

TABLE 22

RESIDENTIAL DENSITIES BY AREA

Estimated Der	asity
(Dwelling Units per A	cre)

Balboa Peninsula	22.4
West Newport	19.3
Balboa Island	27.7
Old Corona del Mar	16.9
Lido Island	13.9

Source: City of Newport Beach Planning Department.

In addition, many attached housing projects in the City have been developed to maximize land usage. Existing attached projects in the City and their densities are listed below.

TABLE 23

DENSITIES OF ATTACHED HOUSING

	Gross	Number of Dwelling	Dwelling Units Per
Project	Acreage	Units	Gross Acre
Newport Crest	38.0	460	12.1
Versailles Phase I	6.8	255	37.5
Lido Condominiums	1.1	54	49.1
621 Lido Park Drive	1.7	36	21.2
Caribe	1.3	48	36.9
The Towers	0.5	28	54.3
Rendezvous	0.75	24	32.0
Oakwood	32.3	1,446	44.8
Mariners' Square	6.2	114	18.4
Park Newport	53.2	1,306	24.5
Promontory Point	32.8	520	15.8
Bayview Apartments	5.4	64	11.8
Bayport Apartments	5.3	104	19.6
Baywood Apartments	27.4	320	11.7
Newport Terrace	40.0	281	7.0
Granville Apartments	10.2	68	6.7

Source: City of Newport Beach Planning Department.

Dwelling units in these projects when totalled with all units in the neighborhoods listed above account for 18,640 dwelling units, or 60% of all City dwelling units as of January 1980.

The trend within the City toward higher density development is also demonstrated by building permit data. Since 1980, multi-family permits issued have exceeded single-family permits issued in the City. This is exactly opposite the trend state-wide, where single-family permits have exceeded multi-family in recent years.

Housing Tenure

Tenure of housing in Newport Beach has varied as follows between 1970 and 1980:

		TABLE 24		
	H	IOUSING TENURE		
	Total			D
	Occupied <u>Units</u>	Occupied		Renter- Occupied
1970	19,280	10,810 (56.1%)	8,470	(43.9%)
1976	26,553	14,710 (55.4%)	,	(44.6%)
1980	27,820	14,888 (53.5%)		(46.5%)

The percentage of rental housing in Newport Beach is higher than that of Orange County. The latest data comparing rentals are from the 1980 Census:

TABLE 25

PERCENT OF RENTAL HOUSING BY CITY¹

Percent of Rental Housing

Newport Beach	46.5%
Costa Mesa	57.7%
Huntington Beach	43.0%
Laguna Beach	47.9%
Orange County	40.1%

¹ Percent based upon occupied units plus units available for sale or rent.

Source: U.S. Census Bureau.

The percentage of rental housing has increased in the City since 1960, when only 36% of all occupied units were rented. This is due to a sizeable amount of new rental construction beginning in the late 1960's and in the recent 1980's. Such rental projects include the following:

TABLE 26

MAJOR RENTAL PROJECTS

Rental Project	# of Units
Anchorage Apartments	39
The Balboa Bay Club	144
Bayport Apartments	104
Bayview Apartments	64
Baywood Apartments	320
The Beach House	226
Big Canyon	74
Granville Apartments	68
Las Brisas	54
Mariners' Square	114
Mediterranean Newport Apartments	44
Mesa Hotel Apartments	29
Newport Marina	64
Newport North	570
Newport Seaside Apartments	25
Newport Seacrest Apartments	65
Newport Villa	60
Oakwood Apartments	1,446
Park Newport	1,306
Promontory Point	520
Seaview Lutheran Plaza	100
Sequoia Apartments	54
The Shores Apartments	120
The Terraces	56
850 Domingo Drive	34
TOTAL: 25 projects	5,700 Units

Source: The City of Newport Beach Planning Department

In addition to these larger rental projects, and others built earlier, the City contains many rented duplex, triplex, and fourplex rental units in its older neighborhoods. Areas where this type of rental housing is predominant include West Newport, Balboa Peninsula, and Balboa Island.

Since 1980, the amount of new rental construction in the City has been significant; five major apartment projects have been completed during the past three years, for a total of 770 units. Approved condominium conversions, since 1980, total 2 units. In September 1979, the City adopted a new ordinance to regulate condominium conversions. Condominium conversions are restricted as follows:

- No condominium conversion may be approved on a lot of less than 5,000 square feet, regardless of when such lot was legally established (Zoning Code, Chapter 20.73.025).
- No condominium conversion use permit shall be approved when the rental dwelling unit vacancy rate in the City is equal to or less than 5% (Zoning Code, Chapter 20.73.035). This provision can be overridden if two-thirds of the tenants of a project vote to recommend project conversion, or if conversion will minimize vacancies or other wise substantially comply with the intent of the City's Zoning Code.

These restrictions have influenced the incidence of condominium conversions in the City of Newport Beach as follows:

CONDOMINIUM CONVERSION APPLICATIONS APPROVED				
	Resubdivisions	Tracts	Total	
1976	0	34	34	
1977	12	0	12	
1978	60	53	113	
1979	7	255	262	
1980	11	0	11	
1981	2	0	2	
1982	0	0	0	
1983	0	0	0	
1984	0	0	0	
1985	0	0	0	
1986	0	0	0	
1987	0	0	0	
1988	0	0	0	
1989 (through April)	<u>0</u>	0	<u>0</u>	
Total	92	342	434	

Under this zoning regulation, most rental units in the older beach neighborhoods are preserved as rental housing because lots in these neighborhoods are generally less than 5,000 square feet. Property owners may not convert rental units, but, in some cases, such units have been demolished and new attached for-sale housing has been built to bypass the City's restrictions on condominium conversions.

Review of assessor parcel information indicates that 384 of the 424 units approved for conversion by the City actually converted. This represents ten projects, including two triplexes, one duplex and one project consisting of 225 units. The remaining 7 conversions ranged in size from 8 units to 45 units. Among those units which were approved, but did not convert were nine duplexes and three triplexes. The remaining projects which did not convert contained 6, 10, and 11 units.

The conversion of large rental projects has been restricted by the city's vacancy rate provision.

Vacancy Rates

The City's overall housing unit vacancy rate has varied as follows between 1970 and 1980:

TABLE 28					
NEWPORT BEACH OVERALL HOUSING UNIT VACANCY RATE					
	All Vacant Units	Total	For Sale	For Rent	
1970 ¹	14.2%	6.8%	2.6%	11.6%	
1976 ²	10.9%	4.3%	2.3%	6.5%	
1980 ³	10.1%	5.2%	3.8%	6.1%	

Sources:

The large discrepancy between overall vacancy rates and vacancy rates among available units is due to the large number of seasonal units and second homes in Newport Beach. Within the 1980 Census, 1,526 of 3,120 vacant units were "held for occasional use" or "held for other reasons."

¹ 1970 U.S. Census;

² 1976 Special Census for Newport Beach, all vacancy rates have been adjusted from actual 1976 data to account for 54.1% vacancy rate within Promontory Point which was recently completed at the time of the 1976 Census;

³ 1980 U.S. Census -- year-round housing units.

To assist in the administration of its condominium conversion ordinance, the City has conducted rental vacancy surveys since 1979. The results of these surveys are shown on Table 29

TABLE 29

CITY RENTAL VACANCY RATE SURVEY RESULTS

Unit Type	October 1979	Vacancy Rates April 1980	August 1988
Single-Family	8.68%	2 2 4 0 0	
Duplex	4.66%	3.53%	3.14%
Triplex	3.47%	4.37%	4.91%
Fourplex	1.23%	2.38%	5.00%
5 or More Units	1.97%	1.25%	5.80%
Mobile Homes	19%	(i) with this did with	
TOTAL	4.22%	2.31%	4.85%

Source: City of Newport Beach Planning Department.

Total vacancy percentages represent mean weighted figures after adjusting for response rate.

The most recent source of information from an outside agency on vacancies comes from the Federal Home Loan Bank Board.

TABLE 30

FEDERAL HOME LOAN BANK OF SAN FRANCISCO VACANCY SURVEY
(MAY 1988)

Zip Code Areas	All Units	Single-Family*	Multi-Family
Newport Beach			
92660	305(2.7%)	84(1.0%)	221(6.7%)
92661	58(2.2%)	42(1.9%)	16(3.6%)
92662	39(1.8%)	28(1.6%)	11(2.8%)
92663	255(2.3%)	100(1.6%)	155(3.0%)
Corona del Mar			
92625	263(4.1%)	240(4.3%)	14(1.9%)
TOTAL	920(2.7%)	503(2.1%)	417(4.1%)

^{*}Including mobile homes and attached units.

It should be noted that the method used by the Federal Home Loan Bank Board in calculating vacancies differs from the Census Bureau because of the method of counting vacant units and defining such units. Vacancies are calculated by interagency agreement with the U.S. Postal Service. Vacant units are counted as those dwellings which are not receiving mail deliveries. Thus, the Federal Home Loan Bank survey cannot distinguish unoccupied units by rental or sales status or whether the unit is a much lower reported vacancy rate than the Census. Federal Home Loan Bank surveys usually show lower vacancy rates than comparable Census surveys because of the different definitions used to determine vacancy.

A regional housing vacancy survey for owner- and renter-occupied units provides comparisons between overall vacancy rates in Newport Beach and within the Anaheim-Santa Ana-Garden Grove Standard Metropolitan Statistical Area (SMSA).

According to the Federal Home Loan Bank Survey, vacancy rates in this region declined during the late 1970s and early 1980s, and increased after 1985.

	REGIONAL VACANCY RATES	
	Vacancy Rate	
	All Housing Types	
May 1978	2.3%	
July 1979	2.0%	
July 1980	1.7%	
May 1984	2.0%	
May 1988	2.5%	

Housing Condition

The most recent survey of housing conditions in Newport Beach was completed as part of the 1976 Special Census. This survey indicated that only 1.3% of all housing units were deficient. Deficient units in this regard include deteriorated, and dilapidated units, as well as those units which were inadequate in original construction, or which were under extensive repair.

Three neighborhoods in the city contain slight concentrations of substandard housing. Five and one-tenth percent of all housing units on Balboa Peninsula were in substandard con-

dition, while 2.5% and 2.6% of all units on Balboa Island and in Newport Heights (Statistical Area H) respectively, were in substandard condition.

Because of the increasing value of housing in Newport Beach, private investment in housing improvements is a common phenomenon. Based on 1980 Census information and a 1984 visual survey, it is estimated that currently less than 1.0% of the City's housing stock is deficient because of structural or plumbing problems.

In 1980, 72% of all residential building permits issued by the City of Newport Beach were for residential alterations or additions. The average value of the 676 building permits issued in 1980 was \$14,530.

Mobile Homes

There are presently 937 mobile home spaces in 10 mobile home parks in Newport Beach. Of these 937 spaces, 914 or 97.5% are occupied by permanent residents. The remaining homes are occupied by persons who use their mobile homes for vacations and weekend visits to the area. These parks house 1,421 permanent residents. Space rents range from \$300 to \$1,300. (See Table 32.)

The character of the City's 10 mobile home parks varies. Four of the parks are located on or close to Newport Harbor. The character of these parks appeals to retirees. Over 99.1% of all spaces in these parks are occupied by permanent residents. Space rents range from \$550 to \$1,300 a month, depending on the location of the space in relationship to the bay and the size of the mobile home. One of these parks, Bayside Village, is occupied primarily by retired persons, a large portion of whom have occupied their mobile homes for 20 years or more.

The remaining six mobile home parks are located either in West Newport (Statistical Area B) on the north side of Pacific Coast Highway or in the West Newport Triangle area (Statistical Area A). Space rents in these parks range from \$300 to \$535 per month. Many of these mobile homes are older, having been in parks since their development usually in the 1950's or 1960's. Many of the residents of these parks are also older.

For mobile home residents who own their mobile home and who bought them when interest rates were lower, or who made a cash purchase, housing payments will be affordable on moderate incomes and, in some cases, lower incomes.

TABLE 32
MOBILE HOME PARKS

Mobile Home Park (Site Address) Bayside Village 300 East Coast Highway	Total # of Spaces 264	# of Acres 24.66	# of Spaces /Acre 10.70	# of Spaces Occupied by Permanent Residents 264	# of Permanent Residents 448	Space Rent /Month (\$) \$550 - 1,000
Beach and Bay 7204 W. Coast Highway	47	1.41	33.33	45	77	\$425
Cannery Village 700 Lido Park Drive	35	1.40	25.00	33	61	\$614 - 988
Ebb Tide 1560 Placentia Avenue	81	4.16	19.47	76	109	\$390 - 440
Flamingo 7000 W. Coast Highway	20	0.31	64.52	20	30	(not available)
Harbor 1535 Superior Avenue	40	1.92	20.83	38	48	\$300
Lido 710 Lido Park Drive	217	12.40	17.50	214	323	\$600 - 1,300
Marinapark 1770 W. Balboa Blvd.	60	4.94	12.15	60	93	\$601 - 847
Newport Terrace 824 W. 15th St.	56	4.27	13.11	53	71	\$464
Seacliff	117	9.12	12.83	111	161	\$535
890 W. 15th St. Total(s): 10	937	64.50	14.52 (mean)	914	1,421	\$300 - 1,300 (range)

Source: The City of Newport Beach, Planning Department

The chart below identifies developments by project name and address, the type of governmental assistance received, the earliest date of change from low-income uses to non-low income uses and the total number of elderly and non elderly units that could be lost from the housing stock during the ten year period through 2002.

City of Newport Beach Assisted Housing Analysis

Project Name & Location	Type of Assistance Received	Earliest Possible Date of Change	Total Number of Units Lost
NEWPORT NORTH 2 Milano Drive @ Jamboree	CDBG	1997	50 non-elderly
SEAVIEW LUTHERAN PLAZA (Senior Citizens only)	Section 202	2002	100 elderly

Depending on location, it is estimated that it would cost between eight and eleven million dollars, in today's dollars, to replace the 150 low income units. This estimate is for market rate construction. It is assumed that it would be necessary to subsidize the replacement affordable units as the City has done to achieve affordable rent levels. The City currently subsidizes affordable units at an approximate rate or \$13,300 per unit resulting in a subsidy cost of \$1,995,000 for all 150 units.

The 50 CDBG units are located within a 570 unit apartment development. Therefore, it will be more economical to preserve the low income units by reducing the rents with a subsidy program rather than buying the apartment development. The cost to preserve the 50 units at Newport North under the current ownership for an additional 30 years, the approximate remaining economic life of the structure, is estimated at 1.67 million dollars. Caring Incorporated, the Lutheran Church managing entity of Seaview Lutheran Plaza, indicated that they presently have no intention of converting the 100 low income units to a non-low income use.

Currently, there is only \$42,000 in Community Development Block Grant (CDBG) funds available for the preservation of low income units. The City of Newport Beach does not have a Redevelopment Agency, therefore, the City does not have direct control of any set aside funds. The Orange County Housing Authority (OCHA) operating reserve funds are currently being allocated for development loans for the provisions of new affordable housing. The City does not have the financial capacity to replace or preserve the low income units from its own financial resources.

Presently, the only organization known to the City that is a public or private nonprofit corporation with legal and managerial capacity to acquire and manage housing units is the Orange County Community Housing Corporation.

Inventory of Land Suitable for Residential Development

The following section of the Housing Element is an inventory of land which has been determined to be suitable for residential development. All of this land is located within the boundaries of the City. Discussion of this inventory of residential land is separated into two parts. Each part details the potential for a distinct type of residential development. The first area of discussion involves the eight remaining major undeveloped (vacant) residential sites. The second section analyzes the potential for redevelopment and/or the intensification of underutilized residential properties.

Undeveloped Residential Sites

The eight remaining major undeveloped sites suitable for residential development are listed below and shown on the following map. Of the eight vacant sites, one has been designated by the General Plan for "Single Family Detached Residential" use, four for "Single Family Attached Residential" use, and the remaining three for "Multi-Family Residential" use. Six of the vacant sites are located within the City's coastal zone, and have Local Coastal Program Land Use Plan designations consistent with their General Plan designations. All the sites are zoned Planned Community ("P-C"). Three of the sites already have adopted P.C. texts establishing the residential development standards. The sites vary in size from 6.3 to 60.0 gross acres, and have a capacity of 1,498 dwelling units. Each site currently has public facilities and services adjacent to it. Table 33 presents a summary of the assessment made of all eight major vacant residential sites. Directly following this table is a description of each site.

Undeveloped Residential Sites*

Site Number	Site
1.	San Diego Creek South
2.	Freeway Reservation East
3.	Newporter North
4.	Newport Center, Block 800
5.	Villa Point Remnant
6.	Castaways
7.	Cal-Trans West
8.	Newport Ranch

^{*} see map for site locations.

TABLE 33 UNDEVELOPED RESIDENTIAL SITES

Site	General Plan Desig.	L.C.P. Desig	Zoning Desig.	D.U. Capacity	Site Area (gross acres	Density (du/ga)	Estimated Buildable Acre (acres)	Density (dw/ba)
San Diego Creek South	MFR	MFR	P-C	300	20.0	15.00	18.0	16.67
Freeway Reservation Eas	st SFA	not in coastal zone	P-C	76	25.9	2.93	20.7	3.67
Newporter North	SFA	SFA	P-C	212	25.3	8.38	24.1	8.80
Newport Center, Block 800	MFR	not in coastal zone	P-C	245	6.3	38.89	6.3	38.89
Villa Point Remnant	MFR	MFR	P-C	90	9.5	9.47	3.7	24.32
Castaways	SFD	SFD	P-C	151	60.0	2.52	34.8	4.34
CalTrans West	SFA	SFA	P-C	152	13.6	11.18	10.2	14.90
Newport Ranch	SFA	SFA	P-C	272	45.2	6.02	28.0	9.71
Total(s) 8				1,498	205.8		145.8	
Averages(s)						7.28		10.27

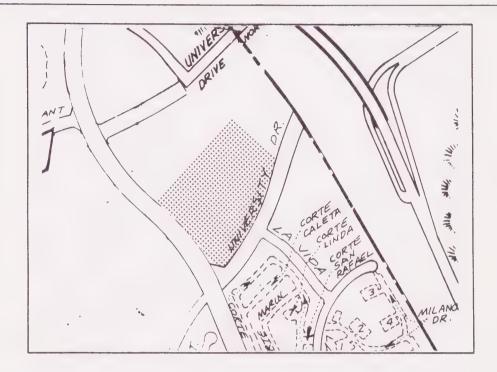
Notes:

SFD = Single Family Detached
SFA = Single Family Attached
MFR = Multiple-Family Residential
P-C = Planned Community

Source: The City of Newport Beach Planning Department.

Site No. 1

SAN DIDEGO ORBEK SOUTH



General Plan Designation:

• Multi-Family Residential

Local Coastal Program Designation:

• Multi-Family Residential

Zoning District:

• Planned Community (P-C)

Area (acres):

• Gross - 20.0 Net Buildable - 18.0 (estimate)

Constraints:

 Environmental — Proximity to San Diego Creek and Upper Newport Bay • Other – Impact of road noise

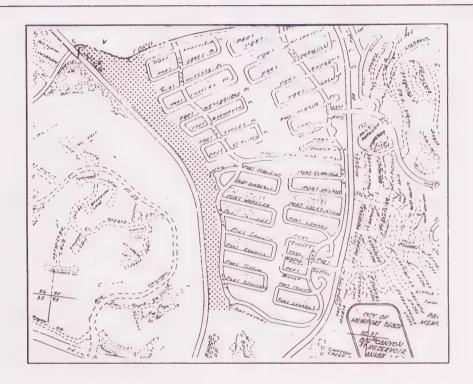
Public Facilities:

 Streets, cable television/electrical/gas/sewer/telephone/water lines, bicycle trails, open space, and park are available.

- General Plan Allocated 300 dwelling units
- Local Coastal Program -- same as General Plan.
- Zoning Code Adopted P.C. Development Text requires amendment to establish development intensity and other standards.

Site No. 2

FREEWAY RESERVATION EAST



General Plan Designation:

• Single Family Attached Residential

Local Coastal Program Designation:

• (none; not in the coastal zone)

Zoning District:

• Planned Community (P-C)

Area (acres):

- Gross -- 25.86
- Net Buildable 20.68 (estimate)

Constraints:

• Environmental -- Riparian/drainage area

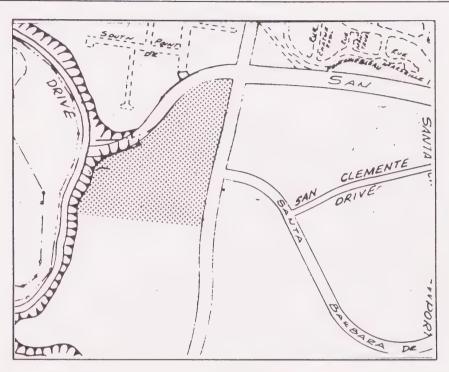
• Other --Impact of road noise, and limited access potential

Public Facilities:

 Streets, cable television/electrical/gas/sewer/telephone/water lines, bicycle trails, open space, and park are available.

- General Plan -- Allocated 76 dwelling units
- Local Coastal Program -- not applicable
- Zoning Code no adopted P.C. Development Text.

NEWPORTER NORTH



General Plan Designation:

• Single Family Attached Residential

Local Coastal Program Designation:

• Single Family Attached Residential

Zoning District:

• Planned Community (P-C)

Area (acres):

- Gross -- 25.3
- Net Buildable -- 24.1 (estimate)

Constraints:

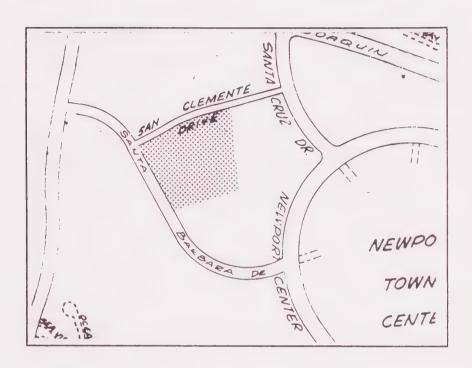
 Enivironmental — Proximity to Upper Newport Bay and riparian/wetland areas, coastal bluffs and endangered flora. Other --Impact of road and airplane flight track noise, archaeological sites.

Public Facilities:

• Streets, cable television/electrical/gas/sewer/telephone/water lines, bicycle trails, and open space are available.

- General Plan Allocated a maximum 212 dwelling units; the designation does not limit development type.
- Local Coastal Program -- same as General Plan.
- Zoning Code --no adopted P.C. Development Text.

NEWPORT CENTER BLOCK 800



General Plan Designation:

• Multi-Family Residential

Local Coastal Program Designation:

• (none; not in the coastal zone)

Zoning District:

• Planned Community (P-C)

Area (acres):

- Gross -- 6.45
- Net Buildable 6.30 (estimate)

Constraints:

• Environmental -- (none)

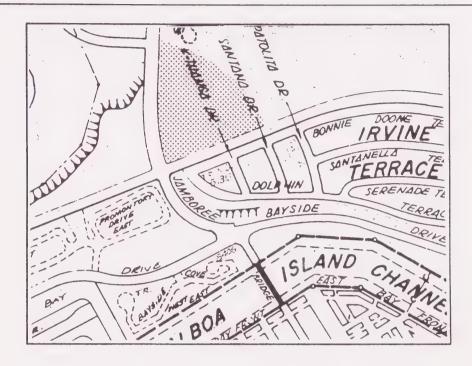
• Other - Impact of road noise

Public Facilities:

• Streets, cable television/electrical/gas/sewer/telephone/water lines, bicycle trails, and open space are available.

- General Plan Allocated 245 dwelling units
- Local Coastal Program not applicable
- Zoning Code -- Adopted P.C. Development Text requires amendment to adopt Site Development Plan to establish development intensity and other standards.

VILLA POINT REMNANT



General Plan Designation:

• Multi-Family Residential

Local Coastal Program Designation:

• Multi-Family Residential

Zoning District:

• Mixed – Planned Community (P-C) and Unclassified (U)

Area (acres):

- Gross 9.50
- Net Buildable 3.7 (estimate)

Constraints:

• Environmental -- (none)

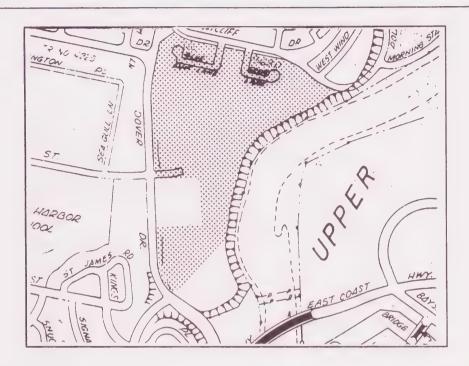
 Other — Impact of road and airplane flight track noise, potential archaeological and paleontological site, potential R-O-W for grade separation.

Public Facilities:

• Streets, cable television/electrical/gas/sewer/telephone/water lines, bicycle trails, open space, and park are available.

- General Plan Allocated 90 dwelling units.
- Local Coastal Program same as General Plan
- Zoning Code Adopted P.C. Development Text requires amendment to establish development intensity and other standards.

(OAS/DAVANAS)



General Plan Designation:

• Single Family Detached Residential

Local Coastal Program Designation:

• Single Family Detached Residential

Zoning District:

• Planned Community (P-C)

Area (acres):

- Gross -- 60.0
- Net Buildable 34.8 (estimate)

Constraints:

• Environmental -- Proximity to Upper Newport Bay, riparian/wetland areas, and coastal bluffs.

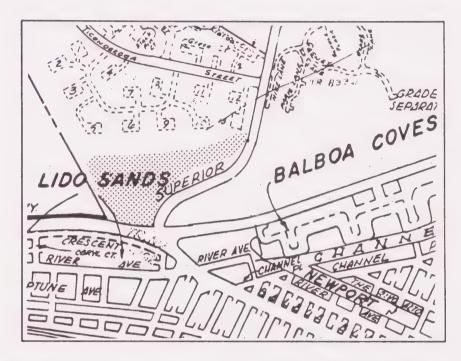
• Other - Impact of road and airplane flight track noise, paleontological sites.

Public Facilities:

• Streets, cable television/electrical/gas/sewer/telephone/water lines, bicycle trails, open space, and park are available.

- General Plan Allocated a maximum 151 dwelling units; the designation does not limit development type.
- Local Coastal Program same as General Plan.
- Zoning Code --no adopted P.C. Development Text.

CALITRANS WIRST



General Plan Designation:

• Single Family Attached Residential

Local Coastal Program Designation:

• Single Family Attached Residential

Zoning District:

• Planned Community (P-C)

Area (acres):

- Gross -- 13.6
- Net Buildable -- 10.2 (estimate)

Constraints:

• Environmental - (none)

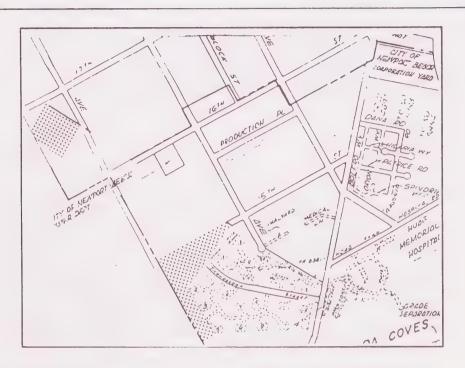
• Other -- Impact of road noise

Public Facilities:

• Streets, cable television/electrical/gas/sewer/telephone/water lines, bicycle trails, open space, and park are available.

- General Plan -- Allocated 152 dwelling units, the designation does not limit development type.
- Local Coastal Program -- same as General Plan.
- Zoning Code -- Adopted P.C. Development Text.

NIDAMBORRA RAZONI



General Plan Designation:

• Single Family Attached Residential

Local Coastal Program Designation:

• Single Family Attached Residential

Zoning District:

• Planned Community (P-C)

Area (acres):

- Gross --45.2
- Net Buildable 28.0 (estimate)

Constraints:

 Environmental — Riparian/wetland areas, modified coastal bluffs, potential habitat for endangered fauna. • Other - Impact of road noise

Public Facilities:

• Streets, cable television/electrical/gas/sewer/telephone/water lines, bicycle trails, open space, and park are available.

- General Plan Allocated 272 total dwelling units, 113 to northern parcel, and 159 to southern parcel; the designation does not limit development type or mixture of types; a portion of units may be transferred from southern to northern parcel.
- Local Coastal Program same as General Plan.
- Zoning Code Adopted P.C. Development Text.

Redevelopment and "Infill"

The following map identifies areas of the City with potential for redevelopment and/or intensification of under utilized residential properties (infill). Several factors account for this potential. These properties are typically located in the older sections of the City, built prior to the 1950's when Newport Beach was primarily a weekend and/or summer "vacation home" community. This residential development usually involved a less intense parcel utilization than exists today. This type of development continued well into the post-war period. With the expansion and improvement of the economy and circulation systems in Southern California in the late 1950's, the character of residential development in Newport Beach changed from that of vacation homes, to a fairly even mixture of permanent residences and vacation homes, and finally to almost exclusively that of permanent residences. During this period of change enough vacant land existed to meet the increasing demand for housing. The housing demand had little effect on the City's older areas, other than transforming the pattern of tenure from 'occasional' to 'permanent'. While this housing demand continued well into the 1980's sufficient vacant land existed to satisfy the demand. In fact, for the last eight years the development activity in terms of net dwelling units constructed on vacant sites versus "infill" has been almost 10 to 1 (2,101 d.u. compared to 234 d.u. respectively). However, with the decrease in the amount of vacant residential acreage, and the marked increase in the cost of both improved and vacant land, both redevelopment and "infill" activities have started to increase.

Since 1979, the demolition and replacement of existing homes has averaged around 75 units per year, for a total of 731 dwelling units. Given the market factors discussed above, this trend is expected to continue, if not increase, over the 5 year term of the Housing Element. This means that approximately 375 newly constructed dwelling units will replace older housing stock between 1989 and 1994. Table 34 details this replacement activity from 1981 until 1994, and also highlights the City's "infill" activity during the same span of time. In the last three years the number of "infill" units constructed on under utilized residential properties has also averaged just under 75 units per year. Projecting that another 375 dwelling units will be constructed as "infill" units over the next 5 years is realistic and perhaps conservative.

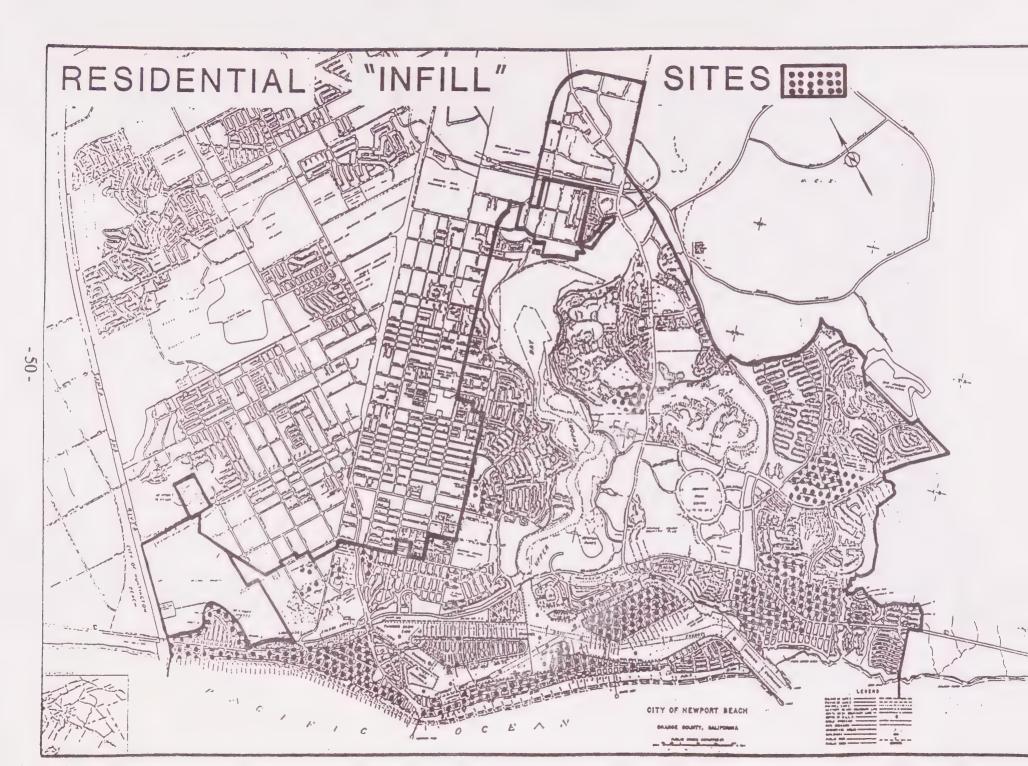


TABLE 34 "REPLACEMENT" AND "INFILL" HOUSING IN NEWPORT BEACH

Date of Estimation (01 Jan.)	Actual Period of Growth	Replace- ment (#d.u.)	Cumulative Replace. (#d.u.)	Infill ¹ (#d.u.)	Cumulative Infill (#d.u.)	TOTAL (Replace. + Infill) (#d.u.)	Cumulative TOTAL (Replace + Infill (#d.u.)
1981 ²	1980	67	67	53	53	120	120
1982	1981	122	189	0	53	122	242
1983	1982	51	240	3	56	54	296
1984	1983	49	289	21	77	70	366
1985	1984	72	361	5	82	77	443
1986	1985	65	426	5	87	70	513
1987	1986	101	527	72	159	173	686
1988	1987	60	587	82	241	142	828
1989	1988	63	650	58	299	121	949
1990 ³	1989	75	725	75	374	150	1099
1991	1990	75	800	75	449	150	1249
1992	1991	75	875	75	524	150	1399
1993	1992	75	950	75	599	150	1549
1994	1993	75	1025	75	674	150	1699

Sources: The State Department of Finance and the City of Newport Beach

Notes:

The # of d.u. given for "infill" represents the "net" increase in units, and does not include "replacement"

² The # of d.u. given, 1981 to 1989 (est. date), reflect the # submitted to DOF, based upon actual final building permits," by the Planning Department.

³ The # of d.u. given, 1990 to 1994 (est. date) reflect the average # estimated by the Planning Department based upon the available land, market study and trend analysis.

Energy Conservation Opportunities

The City of Newport Beach is fully enforcing the provisions of Title 24 of the California Administrative Code, which provides for energy conservation in new residences. The standards found in Title 24 create energy savings of approximately 50% over residential construction practices utilized prior to the Standards' enactment.

The building department of the city evidences an awareness of energy conserving design innovations and solar technology. The department utilizes the Solar Systems Code Review Manual and its companion document, the Pool and Spa Solar Systems Code Review Manual, both published by the International Conference of Building Officials (ICBO) to facilitate the installation of appropriate solar systems.

Under the existing state law (the California Resources Code), local jurisdictions may adopt structural energy conservation standards in excess of the existing state standard. In the moderate climate of the City of Newport Beach, such an increase in standards would be of dubious value. Additionally, it should be noted that increases in conservation standards generally increase homebuyers' costs and will therefore exacerbate the existing housing affordability concern.

The City of Newport Beach has a relatively small remaining amount of land available for residential development. As such, land use standards which would require proper orientation of subdivisions to take advantage of solar energy would be of limited value. The city may wish to explore this option; however, care should be taken to insure that densities, and therefore affordability, are not unduly affected.

A major concern in the area of energy conservation is the relationship of housing to employment and the necessary transportation lines between them. While specific energy savings are difficult to quantity because of the myriad of variables involved in our transportation system, it is generally true that a physical proximity between home and work provides transportation energy savings. With regard to Newport Beach, the existing affordability concern increases energy use by forcing workers employed within the city to seek less expensive housing outside of the city. Again, it should be noted here that the relatively small amount of remaining land for residential development cannot in itself mitigate this concern. The jobs/housing imbalance in the city cannot be expected to be totally mitigated by residential development within the city.

With regard to other "alternative" energy sources, it should be noted that Newport Beach is not in an area of either geothermal or significant wind activity and, therefore, cannot take advantage of these sources.

It appears that the city, through the enforcement of Title 24 and by its sensitivity to innovative design is making excellent use of residential energy conservation opportunities.

Housing Needs

In accordance with State housing element law the Southern California Association of Governments (SCAG) has prepared a Regional Housing Needs Assessment (RHNA) to assess the housing need for each jurisdiction within the region. This model was prepared for the five year period 1989-1994. The RHNA assesses Newport Beach's portion of the housing units needed to satisfy the housing needs resulting from projected growth in the region. In order to accommodate the projected growth in the region SCAG estimates that the City needs to target its housing unit production at sufficient units to accommodate 1,774 new households. Since Newport Beach has a vacancy rate that is somewhat higher than the generalized "ideal" vacancy rate used throughout the region some of this new household growth can be satisfied by vacant units currently in existence. Taking into consideration the 77 excess vacant units that currently exist only 1,697 additional new units would be needed to accommodate the projected five year growth of 1,774 households. SCAG also estimates that 365 dwelling units will be demolished and need replacement during the next five years. Therefore, the total new housing unit production projected by SCAG for Newport Beach during the five year period 1989-1994 is 2,062 units. State law also requires SCAG to distribute these new units on the basis of income and in doing so avoid further impaction of localities with relatively high proportions of low income households. Third and finally, it is required that the existing housing need be assessed. SCAG assessed this need by using the Department of Housing and Urban Development (HUD) standard of overpayment. Households overpaying are households with incomes below 80% of the county's median household income and paying more than 30% of their income toward housing/shelter. SCAG estimated existing need by applying the percentage of overpaying households enumerated in the 1980 Census to the current City population. Using this method of estimation the existing need in Newport Beach is 4,431 households. The tables below show the future need for housing in Newport Beach and its distribution by income group as calculated by the RHNA.

¹ California Energy Commission, Geothermal Energy Resources in California: Status Report, June 1976.

² California Energy Commission.

TABLE 35

PROJECTED REGIONAL DEMAND IN NEWPORT BEACH 1989 - 1994

Household Growth	Net Vacancy Adjustment	Demolition Adjustment	Total New Units
1,774 units	-77 units	365 units	2,062

TABLE 36

TOTAL NEW UNITS DISTRIBUTED BY INCOME

Very Low	Lower	Moderate	High	Total
299	408	359	996	2,062
14.5%	19.8%	17.4%	48.3%	100%

Non-Governmental Constraints

Community Attitudes

The citizenry in Newport Beach is well-organized through neighborhood homeowners associations and community environmental groups. In these circles, a strong public sentiment pervades with regard to preserving the suburban environment in the City. In the past, opposition has been voiced against increased commercial and office uses in the City and against expansion of the adjacent John Wayne Airport. Higher density residential development is also opposed by much of the populace in Newport Beach, due to concerns regarding traffic, congestion and perceived infrastructural limitations.

There exists a growing public attitude in Newport Beach, as well as in the country as a whole, that government regulation of the marketplace should be limited. Therefore, housing policies which GUIDE development toward social goals rather than REGULATE development are generally more compatible with local public attitudes. For example, the regulation of housing prices is an unacceptable area for government intervention for a majority of Newport Beach residents.

Public sentiment is noted as a constraint because of its influence on local officials and because of the ability of citizens to set development policies and zoning through the initiative process.

Market Impacts on Development Costs

The growing market demand for housing in Newport Beach and the relatively small supply of remaining vacant residential acreage in the City has had a strong impact on the financial aspects of residential development in the City. The greatest impact of this market demand on cost of new housing is seen in the price of residential land in the City.

Land costs vary as much within Newport Beach as they do within Orange County. Generally though, they are much higher than land costs in other areas of the county, reflecting the desirability of the area for its proximity to amenities, and its reputation as a favored residential community. Information submitted to the City by developers in the course of processing residential development approvals and reviewed by professional real estate appraisers indicates that raw land in the City zoned for multiple family residential use (approximately 20 units/acre), with a water orientation, has a MINIMUM market value of 3.5-4.0 million dollars per acre; and the market value of raw land in Newport Beach with similar potential land use, but without water orientation, is a minimum of \$890,000 per acre. By way of comparison, available information indicates that comparable sites in Huntington Beach and in Costa Mesa, range between .44-.57 million dollars per acre.

Density increases are often set forth as a method to decrease land cost components of housing costs. While density increases may or may not decrease land costs on a per unit basis, sales prices of units in project approvals granted by the City in recent years indicate that density increases do not necessarily have any effect on the cost of housing to consumers. For example, density increases allowed in two 1981 projects did not substantially decrease the cost of the units to an affordable level; in these instances, units ranging in size from 1,324 to 1,675 square feet, and built at a density of 25 units per acre, sold in a range of \$179,900 to \$199,900. The developer of a fourteen unit condominium project approved for development in early 1984 at a density of 29.2 units per acre proposed to market two-bedroom units of 800 square feet, 1,250 square feet, and 1,500 square feet for \$145,000, \$185,000, and \$235,000 respectively. Higher density project approvals that are not conditioned upon price controls thus do not substantially reduce the cost of housing to consumers in the City at least in the examples cited.

In addition, high residential densities involving buildings taller than three stories will greatly increase unit marketability in many areas of the City because of the addition of a view factor. Regardless of square footage or density, a unit with a Newport Beach view can be marketed as a luxury condominium and will command an extremely high price on the market.

Higher land costs in the City are the main factor in higher square footage costs for housing provision. High land costs also trigger higher costs in other areas of development. To balance the price of land, developers must increase amenities within the housing unit as

well as within the community area in order to justify the higher prices paid for land. Thus, a higher land price is the factor that triggers increased development costs "across the board." Table 37 shows estimated land and construction costs for four projects constructed during the early 1980s.

Financing Constraints

High interest rates substantially reduce the home purchasing potential of homebuying households. New homebuyers especially find that the housing product they can afford is substantially less than their expectation. The difficulty in producing housing which is affordable to first-time homebuyers is thus compounded.

While the cost of production has increased, the purchasing power of customers has decreased. Because development costs in Newport Beach are higher than in other areas of the state, housing is even further out of the reach of first-time homebuyers.

With savings and loan institutions and other home loan lenders experiencing higher costs in attracting funds, it is extremely difficult for the fixed rate, long-term mortgage to be used as the primary mortgage instrument for housing finance purposes. Consequently, variable rate mortgages, equity appreciation mortgages, and other techniques are being promoted. This smorgasbord of "creative financing" helps to maintain a higher level of capital for housing than might otherwise be available.

Table 38 shows how changes in interest rates affect payments on a \$150,000 loan. A loan of this amount would allow a moderate-income household to purchase one of the lowest cost condominiums or townhouses in Newport Beach.

TABLE 38 THE EFFECT OF CHANGES IN INTEREST RATES OF THE AFFORDABILITY OF A \$150,000 LOAN¹

Interest Rate	Monthly Payment ²	Income Needed ³	% Able to Afford ⁴
8%	\$1,300	\$44,230	54%
9%	\$1,390	\$47,660	50%
10%	\$1,500	\$51,430	45%
11%	\$ 1,610	\$55,200	40%
12%	\$1,720	\$59,310	35%
13%	\$1,830	\$62,740	32%

¹ Assumes a 30-year, fixed rate mortgage. ² Mortgage plus insurance and taxes.

Assumes a maximum of 35% of income is spent on mortgage payments, insurance and taxes. A Based on the estimated distribution of household income in Newport Beach in 1989. Source: Connerly & Associates, Inc.

TABLE 37

COMPARISON OF COSTS FOR FOUR SIMILAR PROJECTS

Project	Total No. of Units	Average Square Footage Per Unit	Total Price of All Units	Average Price Per Unit	Land Cost	Construc-	Sales Price Per Sq. Ft.	Bldg Const Cost per Sq. Ft	Land & Bldg Cost per Sq. Ft.
1317 E. Balboa Blvd.	4	2137	\$1,180,000	\$295,000	\$250,000	\$ 769,000	\$139.50	\$ 90.9	\$120.46
Spinnaker Bay	10	1004	2,000,000	200,000	800,000	710,000	199.20	70.72	151.41
487 Morning Canyon R	toad 14	129	2,810,000	200,714	950,000	1,434,600	155.25	79.26	131.75
311 Carnation Avenue	4	3390	2,579,000	644,750	810,000	1,428,000	190.19	105.31	165.04

Source: Tarantello & Company.

TABLE 39

SALES PRICE COMPONENTS OF RESIDENTIAL PROJECTS
IN NEWPORT BEACH AND ORANGE COUNTY

		ngle-Family stached	Townho Condon	ouses and niniums
Sales Price Category	Orange County ¹	Newport Beach ²	Orange County ¹	Newport Beach ²
Direct Costs				
Land	12%	28%	11%	11%
Site Improvements	13%	8%	11%	4%
Community Amenities	2%	0	5%	3%
Construction	51%	<u> 26%</u>	51%	42%
TOTAL	78%	62%	78%	60%
Indirect				
Financing	5%	16%	6%	19%
Sales & Marketing	4%	9%	4%	5%
Gross Profit	10%	8%	8%	12%
Overhead and Contingencies	_3%	5%	3%	4%
TOTAL	22%	38%	21%	40%

Sources: ¹ The Cost of Housing in Orange County, The Orange County Cost of Housing Committee, February 20, 1978. Total projects surveyed: 11.

² Based on one single-family and one condominium project constructed and sold in Newport Beach in 1981.

Developers' Perceptions of Marketability

Perceptions by developers of the marketability of newly-constructed housing units also constitute a constraint upon the development of housing for all income levels. In order to attract a specific segment of the market, developers frequently include in their housing developments a variety of amenities not required under the City's zoning, subdivision and building codes. These amenities include increased amounts of open space, additional parking spaces, and lower densities than are required under City regulations. While the City can and does impose minimum requirements regarding amenities, it does not, and can not realistically, prevent developers from imposing more stringent requirements on themselves.

As Table 40 shows, developers of larger residential projects in Newport Beach have historically chosen not to develop at the highest density permitted on their parcels:

COMPARISON OF MAXIMUM PERMITTED
DENSITIES AND ACTUAL DENSITY OF CONSTRUCTED
HOUSING UNITS BY PROJECT

TABLE 40

			Maximum	No. of	Constructed
			Permitted	Units	Units Per
Project	Date	Acres	Density	Built	Acre
Westcliff	1952-1967	493.3	SRF (8/A)	1649	3.34
Cameo Shores	1958	64.1	SFR (8/A)	177	2.63
Irvine Terrace	1959-1963	152.5	SRF (8/A)	416	2.73
Harbor View West	1959-1967	97.6	SFR (8/A)	266	2.7
Cameo Highlands	1960	44.3	SFR (8/A)	142	3.2
Eastbluff	1963	165.33	SFR (8/A)	462	2.79
Harbor View East	1966-1971	167.2	SFR (8/A)	490	2.93
Harbor View Homes	1968-1972	321.2	SRF (8/A)	1,169	3.64
Big Canyon	1970-1972	165.2	SRF (8/A)	476	2.88
Spyglass Hill	1971-1972	155.6	SFR (8/A)	350	2.25
Jasmine Creek					
1st Phase	1973		SFR(8/A)	379	4.39
2nd Phase	1973		10/A	346	4.0
3rd Phase	1976		10/B.A.	324	3.74
Broadmoor Seaview	1976	51.4	175 units	167	
Harbor Ridge	1977-1978	166.3	4/B.A.	392	2.36
Big Canyon-Area 10	1983	7.2	10/B.A	21	2.92

Development approvals granted by Newport Beach in early 1984 indicate that developers are continuing to exceed City standards with respect to project amenities. The following table distinguishes between the level of amenities required by the City and those proposed by the developer, on three attached residential projects:

TABLE 41	
COMPARISON OF REQUIRED AMENITIES AMENITIES PROPOSED BY DEVELOR	

Project	Amenity	City Requirement	Developer Proposal
406 E. Bay Ave.	Parking Spaces	15 spaces (10 covered)	20 covered sp.
	Open Spaces	22,126 cu.ft.	59,346 cu.ft.
311 Carnation	Density	Up to 17 units	4 units
	Parking Spaces	6 spaces	9 spaces
	Open Spaces	14,040 cu.ft.	148,700 cu.ft.
487 Morning Cyn.	Parking Spaces	21 Spaces	32 Spaces
	Lot Coverage	Up to 60%	36%

Source: City of Newport Beach Planning Department.

As cited examples indicate, developers have historically imposed amenity requirements upon their own residential projects that are more stringent or restrictive than those mandated by City regulations. Whether this is done due to marketing perceptions or for other reasons, these self-imposed amenity requirements are a constraint, over which the City has no control, to least-cost housing.

Governmental Constraints

This section of the Housing Element addresses actual and potential City governmental constraints upon the development of housing for all income levels. Examples of such constraints include land use controls (zoning), building codes and their enforcement, site improvements, fees and local processing, and permit procedures. In many of these areas, localities have varying degrees of discretion to modify state standards for local implemen-

tation and/or conditions. Also included in this analysis are constraints created by specific State regulations.

TABLE 42

EXISTING RESIDENTIAL USE
BY DENSITY CATEGORY
Estimated Cases - Doubling

Residential Density	Estimated Gross Acreage	Dwelling <u>Units</u>	No. of Units Per Gross Acre
0- 4 units per acre	2,261	6,770	2.99
4-10 units per acre	1,185	6,927	5.85
10-15 units per acre	274	3,216	11.74
15-25 units per acre	566	11,071	19.56
25 + units per acre	<u>253</u>	<u>6.95</u> 3	27.48
TOTAL	4,539	34,937	7.70

Source: City of Newport Beach Planning Department, Land Use Summary (January 1984).

In Newport Beach, as previously mentioned in the discussion of site availability, there is a relatively limited supply of vacant land remaining for development. Only eight vacant parcels of developable residential land remain in Newport Beach. This limitation on the supply of land, and the accompanying existing urban development patterns of the City, serve to shape its land use regulations. This analysis of the regulations takes these circumstances into consideration.

The Planning Process

A. General Comments. The City Planning Department is divided along traditional lines into sections for current and advance planning.

The Current Planning section performs zoning administration and related functions. The Advance Planning section concerns itself with the general plan, local coastal plan, and related types of activities.

The organization of the department is rather typical and functions well, as the formal and informal coordinating methods facilitate communication and minimize redundancy. The Building Department is a separate entity; however, the essential communication between these distinct departments is open. The critical relation-

ship of zoning administration and the building permit process is working well and does not cause undue delays in processing.

- B. The City Council maintains a "Council Policy Manual" on a formal basis. This manual is comprised of Council Policies formulated on a motion of a council member and voted by a majority of the quorum present. The manual allows the Council to express policy regarding planning and land use issues without the formalities of an ordinance proceeding. The manual has no force or effect of law, however it does have a binding effect on the council and City staff.
- C. The Newport Beach General Plan includes Land Use, Circulation, Housing, Recreation and Open Space, Public Safety, and Noise Elements; all are mandated by State law. The Newport Beach General Plan has been revised periodically since 1973. Its provisions receive frequent review, however, in the amendment process, and through adoption of related policies, documents, and ordinances such as the local coastal plan and the traffic phasing ordinance.

The City General Plan Amendment (GPA) process is administered in accordance with Council policy. All amendments are initiated by the City, some of which are at the request of a property owner. This system eliminates the need for a comprehensive application process and for an amendment fee. It also provides the City with substantial control over the amendment process. In practice, the major difference between the City's procedure and an application process is as follows. The City has the ability to decide if the amendment will be initiated (heard). This decision process need not include an exposition of the merits of the request for amendments. In the case of an application process, while ultimately the application may be denied, it cannot be summarily dismissed without a hearing on its merits. The application has paid a fee which entitles the applicant to a hearing through a specified process. The "recommending" property owner in the City has no such guarantee. It should also be noted, because GP amendments are City initiated, the time limitations of state law do not apply to this process.

D. The Zoning Code of the City is complex but not atypical for an already highly urbanized community. The code uses a district concept which is appropriate to the diverse urban patterns and topography found in the City. The Zoning Code contains six basic zoning districts (excluding Planned Community districts and other specialized districts) to regulate residential uses within the city. These zoning districts are R-A (residential agricultural), R-1 (single family residential), R-1.5 (single family residential and duplex), R-2 (single family and duplex), R-3 (single and multi-family residential) and R-4 (single and multi-family residential). Table 80 summarizes the Zoning Code provisions for residential density, height, set-backs, and parking for the R-A, R-1, R-1.5, R-2, R-3, and R-4 districts, as well as the Newport Shores Specific plan for comparison purposes. These density requirements follow the General Plan Land Use Element policies. Maximum densities range from eight to thirty-four units per net acre (excluding streets and unbuildable areas) in single family and duplex zones (R-1, R-1.5, R-2). The Zoning Code establishes different build-

ing area standards for various residential districts within the City. Within the R-1.5 District, gross floor area cannot exceed 1.5 times the buildable area of a site. The R-2 District allows a 2.0 maximum floor area ratio throughout most of the City; however, in Corona del Mar a maximum of 1.5 times the buildable area is permitted due to the existing high density and traffic congestion in the area. Although this may restrict maximum residential usage, it is justified because of limited parking area and street capacities in these districts. Both districts permit duplexes.

Maximum densities in the multifamily zones (R-3 and R-4) depend on the configuration of the lot, as lot area per dwelling unit restrictions apply. In the R-3 zone, a minimum lot area per dwelling unit of 1,200 square feet is required, which translates to a maximum density of 36 units per net acre. In the R-4 zone, the 800 square feet per dwelling unit requirement translates to a maximum density of 58 units per net acre.

Table 34 provides examples of actual residential densities, which range from 6.59 to 49.1 units per gross acre, with an average density of 19.4 units per gross acre. The following hypothetical example shows how the various zoning requirements interact on an R-4 zoned lot. This example is intended for informational purposes, not as a typical probable outcome.

Assume a flat site of one acre (43,560 square feet) square. The 800 square feet per dwelling unit requirement would allow the construction of 54 units. These 54 units would have to be placed in a building(s) which did not exceed yard setback requirements. In the R-4 zone, required setbacks leave a buildable area of about 34,200 square feet. A minimum of 81 off-street parking spaces are required. If parking is provided at grade, about 20,000 square feet of area would remain for the 54 units. These units would require about 15,300 square feet if developed in a three-story structure. About 5,000 square feet of lot area would remain for common areas, onsite amenities, and landscaping.

TABLE 43
SUMMARY OF ZONING CODE PROVISIONS BY DISTRICT
CITY OF NEWPORT BEACH

Zone	R-A	R-1 (S.F. & Duplex)	R-1.5 (S.F.)	R-2 (Duplex)	R-3 (Multi.)	R4- (Multi.)	Newport Shores Specific Plan
Height ¹	24'/28'	24'/28'	24'/28'	24'/28'	28'/32'	28'/32'	24'/28'
Min. Lot Size	6,000 sq.ft.	5,000 sq.ft./ 6,000 corner lots	5,000 sq.ft.	Same as R-1	Same as R-1	Same as R-1	
Min. Lot Width	60 ft.	50 ft./60 ft.	R-1	Same as R-1	Same as R-1	Same as	
Parking	1 1/2 spaces/unit	Same	Same	Same	Same	Same	
Floor Area ² Ratio		1.5/2.0	1.5	1.5/2.0	1.5/3.0 ³	1.5/3.0 ³	2.0
Lot Coverage	40%	100% less setbacks				Same as R-1	
Front Yard ⁴ (Min./Max.)	20 ft.	20 ft./ 35 ft.	Same as R-1	Same as R-1	Same as R-1 ⁵	Same as R-1 ⁵	5 ft ⁵

TABLE 43(Con't.)

SUMMARY OF ZONING CODE PROVISIONS BY DISTRICT CITY OF NEWPORT BEACH

Zone	F-A (g.)	R-1 (S.F.)	R-1.5 (S.F.)	R-2 (Duplex)	R-3 (Multi.)	R-4 (Multi.)	Specific Plan
Side Yard	10% of lot width (3' min./ 6' max.)	3 ft. or 4 ft.	Same as R-1	Same as R-1	Same as R-1 ⁵	8% of lot width (3 stories or less) + 2% for each addi tional story up to 25 ft.	Same as R-1
Rear Yard ⁵	20% of lot depth (15' min, 25' max.)	10 ft.	Same as R-1	Same as R-1	Same as R-1 ⁵	Same as R-1 ⁵	5 ft. ⁵
Minimum Open Space		Lot width x height limit x 6 ft.		Lot width x height limit x 6 ft.	Lot width x height limit x 6 ft.	Lot width x height limit x 6 ft.	10% of buildable
Lot Area Per Dwelling		1,000 sq.ft.	1,000 sq.ft.		1200 sq.ft.	800 sq.ft.	1200 sq.ft (1 or 2 units) /1500 sq.ft. (3 + units)

Lower number is the basic height limit, which can be increased to higher number upon approval of a use permit in each case.

The 1.5 F.A.R. applies to Old Corona del Mar and Balboa Island only. F.A.R. does not include open decks, balconies, or patios.

Excludes building area used for parking

Twenty feet, unless otherwise specified on districting maps.

Other special yard and building distance requirements may apply. Source: City of Newport Beach Planning Department.

The amount of space for on-site amenities could be increased to 16,000 square feet if parking is placed underground. Otherwise, the number of units would have to be decreased, probably to less than 40 units, in order to provide enough space for on-site amenities.

In practice, the densities allowed under Newport Beach's land use regulations are high to moderate in comparison to many other communities of a similar size. This is evidenced by the larger percentage of multi-family housing in Newport Beach than in neighboring jurisdictions.

The current parking standards set forth in the Zoning Code generally require 1.5 off-street parking spaces (including one covered space) per dwelling unit in the R-1, R-1.5, R-2, R-3, and R-4 districts. For all residential development within the Coastal Zone, the Coastal Commission requires 2 parking spaces per residential unit. The amount of parking spaces currently required in residential districts under the Newport Beach Zoning Code are appropriate in light of the lack of available on-street parking in those districts and the heavy traffic congestion throughout Newport Beach during the summer and holiday periods; this parking requirement also compares reasonably with residential parking standards mandated for similar residential districts by other municipalities in Orange County, and is lower than the parking standard generally imposed by the County of Orange. A standard of two parking spaces per unit has generally been included in Planned Community Districts.

The Zoning Code establishes five height zones within Newport Beach: the 24/28 foot height limitation zone, the 28/32 foot height limitation zone, the 26/35 foot height limitation zone, the 32/50 foot height limitation zone, and the high rise (375 feet) height limitation zone. The high rise height limitation zone covers approximately 7% of the land within Newport Beach, including the Newport Center, Aeronutronic Ford, and portions of the North Ford parcels. The 32/50 foot height limitation zone permits structures of up to fifty feet in elevation, pursuant to an adopted Planned Community District text or a Specific Area Plan or approval of a use permit. A fifty foot height restriction allows development of residential structures with five stories. The 32/50 foot height limitation zone covers approximately 15% of the land in Newport Beach, including Cal Trans West, Castaways, Newport Ranch, and portions of West Newport Beach.

Multi-family residential structures within the 28/32 and 32/50 foot height limitation zones can be constructed to a height of three stories without a use permit or other discretionary approval. Numerous multi-family residential structures in the City have been developed to a height of three stories. Table 44 sets forth a partial inventory of these developments, as follows:

TABLE 44

MULTI-FAMILY RESIDENTIAL DEVELOPMENTS OF THREE OR MORE STORIES

	No. of		Units
Project	Stories	<u>Units</u>	Per Acre
Versailles	3	255	37.0
Lido Condominiums	9	54	49.1
621 Lido Park Drive	8	36	21.2
Caribe	6	48	36.9
Rendezvous	3	24	32.0
Oakwood	3	1,450	44.9
Park Newport	4	1,302	24.5
Promonitory Point	3	520	15.8
Balboa Bay Club	5	144	34.7
Villa Balboa	3	418	32.2
The Beachhouse	3	226	40.1
Las Brisas Apartments	3	54	37.0
Seaview Lutheran Plaza	3	101	44.9
The Towers	7	28	54.3

Source: City of Newport Beach Planning Department.

The City's Zoning Code provides for a modifications committee made up of the Planning Director, the Public Works Director, and the Building Director or their designated representative. Whenever a strict interpretation of the Zoning Code, or its application to any specific case or situation, would preclude a reasonable use of property not otherwise allowed under the zoning regulations, the modifications committee is authorized to modify requirements relating to building setbacks, encroachments, size and location of parking spaces, lot line adjustments, and related matters. The Zoning Code also provides a procedure under which variance from the zoning regulations may be granted whenever the affected property owner shows that there are exceptional or extraordinary circumstances applying to the land, building, or use which do not generally apply, that it is necessary for the preservation and enjoyment of substantial property rights, and that it will not materially affect adversely the health or safety of persons and will not be detrimental to the public welfare or injurious to property or improvements in the neighborhood.

The requirements of residential zones are augmented by several special designations:

- Planned residential development.
- Planned community district (including special requirements in mapped coastal bluff areas identified in the Zoning Code).
- Specific plan districts.
- "B" Districts.
- Mobile Home Park Districts.

Planned Residential Development: This procedure allows the development of land of sufficient area to create a better designed development than under customary zoning regulations. Maximum lot coverage is set at 40%, and minimum dwelling unit living area is established at 1,000 square feet in R-1 and R-2 districts and 600 square feet in R-3 and R-4 districts.

Planned Community Districts: This procedure permits the development of large areas under a coordinated plan proposed by the developer. Non-residential and residential land uses may be combined in a single development. The plan may depart from traditional zoning standards as approved by the city on a case-by-case basis.

Specific Plan Districts: These are area wide plans adopted by the City, but not with regard to a particular development. Specific plans include development standards which may depart from or augment the traditional zoning. Specific plans have been adopted for Cannery Village/McFadden Square, Newport Shores and Mariner's Mile.

The Newport Shores specific plan permits single-family and duplex residences outright and multifamily residences subject to a use permit. Cannery Village/McFadden Square Plan allows mixed uses, single family, multifamily residences. The Mariners' Mile area is all commercial uses.

"B" Districts: Where R-1, R-2, R-3 or R-4 districts are combined with a "B" district, the development standards in Table 82 govern.

Mobile Home Park District: There is an overlay zone which may be applied to encourage, maintain and protect existing mobile home park uses. Once applied, this overlay designation cannot be removed unless certain findings are made and a phase-out plan, including relocation assistance and programs to mitigate the housing impacts upon tenants with low and moderate incomes, who are elderly, or who are handicapped, have been approved by the City Council.

Traffic Phasing Ordinance: An important part of zoning review is the City's traffic phasing ordinance, which directly impacts the allowable land uses in the community. The traffic

phasing ordinance (TPO) was adopted by the Council in response to growing community concern over traffic congestion at critical intersections. The TPO provides that each development which qualifies must be analyzed to determine which intersections it impacts and the level of impact. If the anticipated generation will produce a level of service worse than level "D" at the intersection, or increase traffic flow 1% on any leg of a critical intersection, mitigation measures must be provided by the developer. The "qualifying" threshold which brings a development under the TPO is 10,000 covered square feet for a commercial or industrial development, or 10 dwelling units for a residential 1 development.

Condominium Conversion Ordinance: Another component of the Zoning Code which impacts allowable land uses is the City's Condominium Conversion Ordinance. This ordinance requires, in addition to the provisions of the Subdivision Map Act, a use permit for conversions of existing rental units to condominium use. Chapter 20.73 of the Zoning Code specifies that no condominium conversions will be permitted on lots smaller than 5,000 square feet or under market conditions where the multifamily vacancy rate is less than 5%. Overriding considerations are provided; however, these standards have acted to substantially limit the number of conversions in the City since adoption of the ordinance in 1979.

Several affects of this ordinance have been observed within the Newport Beach housing market.

- The ordinance acts to preserve concentrations of rental housing in older beach neighborhoods which are developed at higher densities and where infrastructure deficiencies are evident.
- To make the rental of duplex housing financially feasible, owners frequently rent units at winter rates to students and at higher summer rates to vacationing households. To afford winter rates, students often "double up", causing overcrowded conditions. Parking demand is also increased by this type of usage. Thus, beach area rental housing, and especially duplex housing, causes a higher rate of utilization and a greater demand on neighborhood services than owner-occupied housing.

TABLE 45

SPECIAL REQUIREMENTS IN COMBINING "B" DISTRICT

COMBINING	DESIGNATION B:
COMPUNITION	DESIGNATION D.

Building Site Area	6,000 Square Feet
Lot Width	60 feet
Lot Length	80 feet
Front Yard	20 feet
Rear Yard	6 feet
Side Yard	6 feet
Maximum Coverage	60 percent

COMBINING DESIGNATION B-1

Building Site Area	7,500 Square Feet
Lot Width	75 feet
Lot Length	90 feet
Front Yard	15 feet
Rear Yard	7 feet
Side Yard	7 feet
Maximum Coverage	60 percent

COMBINING DESIGNATION B-2:

Building Site Area	10,000 Square Feet
Lot Width	90 feet
Lot Length	100 feet
Front Yard	15 feet
Rear Yard	10 feet
Side Yard	10 feet
Maximum Coverage	60 percent

COMBINING DESIGNATION B-3:

Building Site Area	20,000 Square Feet
Lot Width	00 feet
Lot Length	150 feet
Front Yard	15 feet
Rear Yard	10 feet
Side Yard	10 feet
Maximum Coverage	60 percent

MINIMUM SITE AREA PER DWELLING UNIT:

	R-2	<u>R-3</u>	<u>R-</u> 4
В	3000 sq.ft.	1500 sq.ft.	1250 sq.ft.
B-1	3000 sq.ft.	1500 sq.ft.	1250 sq.ft
B-2	3000 sq.ft.	2000 sq.ft.	1500 sq.ft.
B-3	3000 sq.ft	2000 sq.ft.	1500 sq.ft.

Source: City of Newport Beach Municipal Code Chapter 20.18

The Subdivision Process

The City of Newport Beach implements the State Subdivision Map Act through a local implementation ordinance. This appears as Title 19 of the Municipal Code, and is titled, "Subdivisions." The basic text of the ordinance was published in January 1974 and revised in 1982. The basic provisions of the Subdivision Code are similar to those of most jurisdictions of this size.

The Code also contains design standards which provide minimum criteria for development. The standards set forth are not unreasonably restrictive and, as in the case of street width, provide for reductions of standards if appropriate. Such reductions are made at the Planning Commission level, subject to City Council approval based on a demonstration of justification for reasons of topography or the number of lots served. Such provisions allow flexibility in the application of the ordinance and potentially reduce development costs.

In addition to the above-described design standards, the Subdivision Code also addresses "Improvements". This section requires street trees, the undergrounding of utilities, and the use of ornamental street lighting. While such improvement standards may be deemed important for quality of life considerations, they are not essential to maintain minimum health and safety requirements and will add to the cost of development.

Also included in the Subdivision Code is a provision for the dedication of parkland. The dedication of parkland and/or the provision of in lieu fees is a requisite to the approval of a final subdivision map. In 1983, the City amended its parkland dedication provisions in response to changes in State law regarding park dedications; the City's parkland dedication requirements, as amended in 1983, are substantially identical to the State statutory framework.

Specific provisions of the City's subdivision and design controls which may constrain housing production are described below.

Required Street Widths

- a. *Major Streets or Highways*. Minimum right-of-way shall be 120 feet; minimum pavement width between curbs, 100 feet.
- b. *Primary Streets or Highways*. Minimum right-of-way shall be 100 feet; minimum pavement width between curbs, 80 feet.
- c. Secondary Streets or Highways. Minimum right-of-way shall be 84 feet; minimum pavement width between curbs, 64 feet.
- d. Local Streets. Minimum right-of-way shall be 60 feet; minimum pavement width between curbs, 40 feet.

- e. Cul-De-Sac Streets and Service Roads. When not over 350 feet in length, the minimum right-of-way shall be 60 feet; minimum pavement width between curbs, 40 feet.
- f. Two-Level Streets. Minimum right-of-way, 60 feet -- variable according to grade, pavement widths, two sections, each 20 feet curb face to curb face.
- g. Parkways. Parkways between curbs and sidewalks shall be required and established at a minimum width of 5 feet. Compliance with policies recommended by the Parks, Beaches, and Recreation Department, and adopted by the City Council, pertaining to parkways, shall be required. (1949 Code Section 9254.14 added by Ord. 650; October 8, 1951, as amended by Ord. (35; August 22, 1960.)
- h. Alleys. Minimum width shall be 20 feet in residential areas.

Park Dedication Standards

Park land dedication requirements are computed by the following formula: Average number of persons per unit x 5 acres/1000. Park fees in lieu of land dedication are computed by the following formula: Averge number of persons per unit x 5 acres/1000 x land cost.

Location of Structures

Newport Beach has developed around and along extremely unique and valuable land forms and resource areas. The City's charm and character, as well as the value of residential and commercial property, are all tied to preserving, protecting, and enhancing Upper and Lower Newport Bay, the oceanfront beaches, and other valuable resources within the City. The City's commitment to preservation and enhancement of these areas is demonstrated by its role in the Upper Newport Bay restoration project. The City was the lead agency in both the development and administration of this project.

The natural resources within the City are enjoyed by residents and visitors alike. Given the value of ocean or bayfront property, there is constant pressure to develop property in and around the bay and beaches. While the City remains committed to protect private property rights, it is also committed to regulate the placement of buildings and structures in areas adjacent to valuable natural resources or environmentally sensitive habitats.

1. Development of Coastal Bluff Sites. Natural coastal bluffs represent a significant scenic and environmental resource. As used in this Section, "coastal bluff" is any natural landform having an average slope of 26.6 degrees (50%) or greater, with a vertical rise of 25 feet or greater. Where there is some question as to the applicability of this section to a specific landform, a determination as to whether or not the specific landform constitutes a coastal bluff shall be made by the Planning Commission, consistent with the purposes of this regulation.

- 2. In order to preserve these unique landforms, developments proposed for coastal bluff areas shall be subject to the following regulations:
 - a. The following regulations apply to all building sites on existing subdivided lots, and residential subdivisions containing less than four units:
 - 1) Grading. Permitted development shall be designed to minimize the alteration of natural landforms along bluffs and cliffs. In areas of geologic hazard, the City shall not issue a building or grading permit until the applicant has signed a waiver of all claim against the public for future liability or damage resulting from permission to build. All such waivers shall be recorded with the County Recorders Office.
 - 2) Geologic Report. To promote public safety, a geologic study shall be performed for each site to determine areas of potential instability. The bluff areas of potential hazard or instability shall be indicated on maps as a part of any development plan.
 - 3) Shoreline Protective Devices. In the event of an impending or existing natural disaster or other emergency, a property owner, upon the approval of a building and/or grading permit by the City Grading Engineer and Building Official, may install temporary shoreline protective devices, material, or other suitable construction to protect a coastal bluff. Prior to the approval of a building and or grading permit for the construction or installation of the emergency protective device or material, the City Attorney shall approve as to form and content a document signed by the property owner stipulating that said material or devices will be removed immediately upon the termination of the threat to the property. In addition, said agreement will also provide for the waiver of all claims and indemnify the City against liability for any damage resulting from approval to install said emergency protective material or devices. The property owner may elect to apply for the appropriate local and state permits to retain the protective material or devices after the threat to the property no longer exists, in which case the agreement shall be modified to state that upon exhaustion of all local and state administrative procedures to retain said material or devices, said material or devices will be removed in the event that the appropriate applications are denied.
 - b. In addition to the regulations set forth above, the following regulations apply to all new tracts and subdivisions. If the development is residential in nature, these regulations will apply to all new subdivisions containing four or more units.

1) Setback Requirement. A bluff setback adequate to provide safe public access, taking into account bluff retreat and erosion, shall be provided in all new development. As a general guideline, property lines shall be set back from the edge of the bluff no closer to the edge of the bluff than the point at which the top of the bluff is intersected by a line drawn from the solid toe of the bluff at an angle of 26.6 degrees to the horizontal. A greater setback distance shall be required where warranted by geological or groundwater conditions, but in no case shall a property line be closer than 40 feet to the edge of the bluff.

In addition, there shall be a building setback of 20 feet from the bluffside property line. This required building setback may be increased or decreased by the Planning Commission in the review of a proposed site plan consistent with the purposes of this section.

- 2) Environmentally Sensitive Habitats and Riparian Areas. There are many areas within the City of Newport Beach that are environmentally sensitive in nature. For the most part, these are water associated habitats such as marine intertidal, riparian, or marsh areas.
- a. The following environmentally sensitive areas shall be preserved and protected, and no structures or landform alteration shall be permitted within these areas, except as provided in Section d. below:
 - 1) Areas supporting species which are rare, endangered, of limited distribution, or otherwise sensitive.
 - 2) Natural riparian areas
 - 3) Freshwater marshes
 - 4) Saltwater marshes
 - 5) Intertidal areas
 - 6) Other wetlands
 - 7) Unique or unusually diverse vegetative communities
- b. Where there is some question as to the applicability of this section to a specific area, a determination as to whether or not the specific area constitutes an environmentally sensitive area shall be made by the Planning Commission, consistent with the purposes of this regulation.

- c. These policies are not intended to prevent public agencies and private property owners from maintaining drainage courses and facilities, sedimentation basins, public infrastructure, and other related facilities in a safe and effective condition with minimal impact on the environment.
- d. When the environmental process demonstrates that adverse impacts can be mitigated to an acceptable level, or that the benefits outweigh the adverse impacts, the Planning Commission may approve a development plan in an environmentally sensitive habitat or riparian area.
- 3. Geologic Hazard Areas. There are areas within the City of Newport Beach that the natural geological processes can pose a threat to the public health, safety, and welfare. These areas contain earthquake faults, existing or potential landslides, areas with expansive or collapsible soil, excessive settlement and subsidence, and areas subject to potential erosion and siltation. The following policies shall apply to all areas of potential geologic hazard:
 - a. No structures shall be permitted in areas of potential geologic hazard, except as provided in Section b. below.
 - b. When the environmental process demonstrates that adverse impacts can be mitigated to an acceptable level, or that the benefits outweigh the adverse impacts, the Planning Commission may approve a development plan in an area of potential geologic hazard.
- 4. Residential Areas Impacted by Noise Levels Greater than 65 CNEL. Due to noise sources such as roadways and aircraft overflights, certain residential areas are impacted by exterior noise levels in excess of 65 CNEL. The following policies shall apply to residential subdivisions of four or more units where the existing or future exterior noise levels are greater than 65 CNEL:
 - a. No new residential development shall be permitted within any area where the noise levels are greater than 65 CNEL, unless the environmental process identifies specific mitigation measures that result in exterior areas of any residence, such as patios and other public and private recreation areas, being mitigated to less than 65 CNEL.
 - b. In addition to mitigating exterior noise levels to less than 65 CNEL, all interior portions of a residence shall not exceed 45 CNEL.

Permit Process and Development Fees

The City's permit process is not perceived by developers to be a significant constraint to the production of housing. Zone change requests can be handled in as little as 60 days if

no environmental impact report (EIR) is required. For those rezonings requiring an EIR, up to eight months may elapse until a decision is rendered, still well within the one-year time frame set by state law.

Conditional use permits and subdivision parcel maps can typically be approved in seven weeks, again provided that an EIR is not required. Planning Commission decisions on zoning change request, parcel maps, and conditional use permits are final unless appealed within 21 days to the City Council or unless a member of the City Council requests within 21 days to review the Planning Commission decision.

TABLE 46

PROCESSING TIME BY JURISDICTION

Jurisdiction	G.P. Change	Zone Change	Tent Map	Final Map
Newport Beach Costa Mesa Irvine Huntington Beach Fountain Valley Laguna Beach Orange County	5-6 months 3-5 months 3-6 months 3-6 months 3-4 months 3-4 months 13 months	2 months 2-3 months 3-6 months 3 months 3-4 months 3-4 months 3-4 months	2 months 4-6 months 2 months 6 weeks 3-6 weeks 6 months 4 months	6 weeks 1 month 1 month 2 weeks 2-6 weeks 6 months N/A

Sources: The Planning, Community Development, or Environmental Management Departments of the above named jurisdictions.

TABLE 47

A COMPARISON OF PERMIT FEES

Jurisdiction	Use Permit	Variance	Appeal Fee
Newport Beach	\$867	\$867	\$325
Costa Mesa	\$25/comm \$50	\$25	\$12.50/comm \$25
Irvine	\$300 min, \$69/hr	\$300 min, \$69/hr	\$300 min, \$69/hr
Huntington Beach	\$350	\$150	\$165
Fountain Valley	\$250	\$250	\$125
Laguna Beach	\$300	\$1,000	\$150
Orange County			
\$1,60	O Zoning Commissio	ner \$1,600	\$760 Com'l.
\$3,80	O Planning Commiss	ion	\$280 Resid.

Sources: The Planning, Community Development, or Environmental Management Departments of the above named jurisdictions.

TABLE 48

NEWPORT BEACH PERMIT FEES

Use Permit	\$ 867
Variance	867
Rezone	1,288
Modification Application	215
Planning Commission Appeal	610
City Council Appeal	325
Specific Plan Site Review	812
PRD Use Permit	
Amendment	
Community Plan Application	
Amendment	
Tentative Map	1,788 or \$56 per lot
Resubdivison	447
Offsite Parking Agreement	744
Coastal Residential Dev. Permit	750 or \$250 per unit
Feasibility Study for Coastal Permit	3,000 - 4,000
Coastal Conceptual Approval	30
Traffic Phasing Study	2,000 and up
Residential Building Inspection	55
Sign Exception	298

Source: City of Newport Beach Planning Department, based on annual fee study evaluating actual time and cost for each type of permit.

In addition to the above fees, there is a \$325 charge for Planning Commission appeals and an EIR fee of 10% of the consulting fee charged to the City. All of the above fees may be waived for projects containing low and moderate income housing in the percentage that such units are provided in the proposed project. Planning staff from two of the cities in the fee comparison survey stated that their City was in the process of increasing fees to better reflect the cost of services.

The Building Permit Process

The Building Department of the City has recently undergone a number of changes in organization and procedures.

The Building Department is currently using the following codes:

Uniform Building Code 1985 Uniform Mechanical Code 1985 Uniform Plumbing Code 1985 Uniform Housing Code 1985 National Electrical Code 1984 City code requirements exceed State standards in the following respects, all of which are relatively inexpensive:

Building Code

- Requires pressure treated wood shingles rather than conventional "shake" to increase fire safety during wind-swept fires caused by "Santa Ana" wind conditions.
- Requires spark arrestors on all chimneys to increase fire safety during wind-swept fires caused by "Santa Ana" wind conditions.
- Requires erosion control measures during grading to minimize siltation and pollution of Upper Newport Bay Ecological Reserve.

Plumbing Code

- Requires non-combustible drainage, vent and rainwater piping to increase fire safety in densely populated areas.
- Requires 1" minimum water piping supply line to provide more volume and overcome low water pressure conditions that exist in Newport Beach.
- Requires drip pans under water heaters when a hazard to habitable areas exist.

Electrical Code

- Requires that aluminum wiring, if used, be a minimum size of #6 AWG, to increase dependability and fire safety.
- Requires undergrounding of conductors between structures on same lot to decrease hazard of electrical shock from physical contact.
- Requires same minimum wire sizes for garage and carports as main house for fire and safety reasons.
- Requires separation of lighting and receptacle circuits for fire safety.
- Requires single fusible switch or automatic circuit breaker for fire safety.
- Requires additional methods of grounding panels to prevent electrical shock.
- Requires continuity of conductors (pigtailing) for fire safety.
- Requires that metal clad cable (BX) not be used in new construction for fire safety reasons.

- Restricts use of non-metallic sheathed cable as exposed wiring to prevent electrical shock.
- Restricts use of thin-walled metallic tubing where exposed to outside air or weather to prevent fire and/or electrical shock.
- Restricts use of flexible metal conduit where exposed to outside air or weather to prevent fire and/or electrical shock.
- Requires light switches rather than pull chains in closets to prevent electrical shock.
- Requires major appliances (garbage disposal, dish washer, washing machine, etc.) to be on separate circuits for fire safety reasons.

State Law requires that the most recent edition of the model codes be adopted at this time. The above named codes do not represent the most recent edition of the codes and the City is therefore not in compliance with state law. As a part of the current revisions to the departmental procedures, the codes will be updated to the state requirements.

The fee schedule of the Building Department is provided in the 1979 edition of the Uniform Building Code. This schedule is well accepted throughout the state and is generally believed to put a department on a "break even" basis with regard to revenues and expenditures.

State Legislature Constraints

In recent years, the State Legislature has enacted numerous laws relating to land use planning and development. While these statutes serve a variety of laudatory social goals, they frequently require inconsistent local implementation activities, inhibit local discretion and flexibility in residential planning, and serve as constraints to the maintenance, improvement and development of housing for all income levels. An example is the State requirements regarding General Plans. In addition to a housing element, Newport Beach and other localities must also adopt elements relating to circulation, noise and seismic safety, to name a few. In its Noise Element, the City is required, among other things, to set forth mitigating measures and possible solutions to existing and foreseeable noise problems; given that the Orange County Airport flight path is over much of Newport Beach, and because a number of major roadways providing beach access run through the City, the City's required programs to mitigate the noise impacts from these factors necessarily constrains the development of housing adjacent to major thoroughfares and under the airport flight path. Likewise, the State mandated open space element, which must contain programs to conserve and preserve open space within Newport Beach, constrains housing development. Thus, while State mandated general plan elements serve important goals, they simultaneously impact upon the delivery of housing within Newport Beach.

Other State legislation restricts the City's discretion to plan the physical development within its boundaries. For example, State law mandates that the Newport Beach General Plan be consistent with an airport land use plan for airports adjacent to the City. Modification of the City's general plan to achieve consistency with airport land use policies necessarily restricts the City's discretion and flexibility in planning residential as well as non-residential development.

Public hearing requirements can also serve as a State legislative constraint to housing. State law mandates that public hearings be held prior to the approval of any land use entitlement, including general plan amendments, rezonings, tentative subdivisions, use permits and variances. While public hearings serve the important governmental purpose of permitting interested persons the opportunity to voice their concerns and objections to proposed projects, public participation can both delay project approvals and result in project modifications. General plan amendments and planned community district regulations for the Beeco and North Ford parcels were modified and delayed as a result of citizen input received in the numerous public hearings which preceded these project approvals in 1982 and 1983, respectively. In addition, public hearings conducted on controversial projects often tend to politicize the planning process. Consequently, while State mandated public hearings on land use development proposals represent an important and tangible part of the local democratic process, they too have an impact upon the delivery of housing.

While numerous State statutes serve as governmental constraints, the legislation which has had the greatest impact upon housing and land use in Newport Beach relate to environmental quality and coastal policies.

The CEQA Process

The California Environmental Quality Act (CEQA) was enacted in 1970, and requires governmental agencies which propose to approve projects to undertake an analysis of the environmental impacts resulting from that project. California courts have interpreted CEQA to mean that virtually all land use and housing actions and regulations are projects which require environmental analysis prior to their approval by the governmental agency. This environmental review must describe the project and the resources affected by the project, including physical changes, alterations to ecological systems, health and safety problems caused by the proposed physical changes, changes in population distribution and concentration resulting from the project, and impacts upon other aspects of the resources, such as water, scenic quality and public services. Where significant and detrimental impacts are discovered in the environmental review process, measures must be proposed to mitigate them. Under certain circumstances, where detrimental impacts cannot be mitigated, the governmental agency must, if it wishes to approve the project, adopt a statement of overriding considerations to justify the project approval in light of the known environmental impacts.

The CEQA process undeniably preserves environmental resources by requiring all governmental agencies approving projects to weigh environmental concerns and sensitivities, and to consider project modifications which result in a lesser impact upon the environment. However, this environmental reporting and review process is not without cost, both in terms of time and money. The CEQA process can be a lengthy one, and project delays can increase costs to developers. Likewise, the financial cost to prepare the environmental documentation necessary to satisfy CEQA can be quite high, and traditionally is borne by the project applicant.

The CEQA process particularly affects Newport Beach, due to the rich natural resources in the area. Concern for the protection of natural resources within Newport Beach has in the past required, and will continue to require, modifications to the intensity of residential development and the design of projects in the City. Environmental issues which generally affect residential development in Newport Beach include:

- Sediment flows into the Upper Newport Bay, usually due to the denuding of development sites as natural ground covers are removed.
- Water pollution resulting from surface runoffs from subdivision streets, which waters flow into the Upper Newport Bay.
- Preservation of riparian habitats and archeological sites, and protection of endangered species of flora and fauna, on portions of many of the undeveloped parcels of vacant land in the City.
- Preservation of ocean views, which may require the limitation of building heights on specific areas.
- Reduction of air pollution caused in large part by traffic congestion on arterial streets and major roadways during the summer and holiday periods.

It should be noted that the City's environmental review process is responsive and well coordinated, and meets CEQA requirements. The review of this environmental reporting process for purposes of the preparation of this element illustrates that it is not excessive or overly restrictive, at least in terms of what is required by State law.

Coastal Act Requirements

Another governmental constraint to the maintenance, improvement and development of housing in Newport Beach is the California Coastal Act of 1976. The basic goals of this State legislation are to protect, maintain, and, where feasible, enhance and restore the overall quality of the coastal zone environment; to assure orderly and balanced utilization and conservation of coastal zone resources; to maximize public access and public recreational opportunities in the coastal zone; and to assure priority for coastal-dependent and coastal-related development over other development in the coastal zone. Approximately 3,800

of the 10,000 acres of land within Newport Beach (or almost 40% of the City's land area) is within the coastal zone and subject to the California Coastal Act of 1976.

The California Coastal Act of 1976 requires each municipality to prepare a Local Coastal Program, including a Land Use Plan, for those areas of the City which are within the coastal zone, for submission to and certification by the California Coastal Commission. The Land Use Plan of the Newport Beach Local Coastal Program was adopted by the City on April 23, 1981, and certified by the California Coastal Commission on May 19, 1982. The Land Use Plan sets forth sensitive habitat areas and unique coastal resources, new development of visitor serving facilities and coastal dependent uses, and land use designations for residential, commercial, public (including semi-public and institutional), and industrial uses within the coastal zone. The Land Use Plan of the Local Coastal Program sets forth detailed regulations regarding the development of coastal bluffs, of areas where archeological, paleontological and historical resources are located, and areas affording coastal views, as well as policies which promote visitor serving and coastal dependent uses over all other uses within the coastal zone; these regulations and policies are binding upon the City. By its adoption by the City and certification by the California Coastal Commission, the Land Use Plan of the Newport Beach Local Coastal Program establishes land use designation for the following undeveloped residential parcels within the Newport Beach Coastal Zone: San Diego Creek South, Newport North, Villa Point Remnant, Castaways, CalTrans West, and Newport Ranch. These undeveloped residential parcels are described in Table 33 and the individual parcel descriptions.

Given that the Land Use Plan of the Newport Beach Local Coastal Program has been certified, land use designations may not be modified without the approval of the California Coastal Commission. Consequently, the City does not have complete authority to redesignate land uses on 173.6 acres of the 205.8 acres of undeveloped residential sites.

In 1981, the California Legislature enacted S.B. 626 (Mello), which added Government Code Section 65590, eliminating certain provisions of the California Coastal Act which had required local coastal programs to include housing policies and programs; Section 65590 further mandates that coastal communities require both the inclusion of low and moderate income housing as part of new residential developments, and the replacement of low and moderate income housing eliminated as a result of the demolition of existing housing, within the coastal zones of those communities. On August 19, 1982, the Newport Beach City Council adopted Council Policy P-1, establishing administrative guidelines and implementation procedures to administer Section 65590 within the coastal zone areas of the City. The administration of this requirement has added costs and time to the development process.

II. Housing Goals, Policies, Quantified Objectives, and Programs

Previous sections of the Housing Element included: an analysis of the major population, employment and housing characteristics of Newport Beach, an inventory and analysis of land suitable for residential development, a quantification of existing and projected housing needs, an analysis of special housing needs and an analysis of both governmental and nongovernmental constraints to the production of housing. Opportunities for residential energy conservation were also analyzed. The analysis contained in the Housing Element has led to the creation of the following housing goals, policies, quantified objectives and programs.

Housing Goals and Policies

The City's goals for housing are formulated around a two-fold purpose. First, the physical and visual character of the City's residential neighborhoods are the key to the provision of a quality living environment. Therefore, one City goal is:

1. To promote quality residential development through the application of sound planning principles, and through policies which encourage preservation, conservation, and appropriate redevelopment of the housing stock.

Secondly, the City's housing stock must provide for the housing needs of all present and future residents of the City. Market forces have increasingly identified Newport Beach as an upper income housing market. Therefore, it is a City goal to encourage diversity in the housing stock, through development of all types and designs of housing for all economic segments of the community, and through the preservation of the housing stock, where appropriate, to serve an economically diverse community. In this regard, City goals are:

- 2. To provide a balanced community, with a variety of housing types and designs and housing opportunities for all economic segments of the community: very low and lower income as well as moderate and upper income.
- 3. To extend ownership opportunities to as many households as possible, particularly those of moderate and upper incomes. This is where the greatest demand is projected.
- 4. To preserve and increase affordability, through rental housing, for the very low and lower income.

The four basic policies which describe the City's role in the attainment of these goals are as follows:

- Enabling private industry to function more effectively, as a result of con-1. straints being eliminated, wherever feasible, and allowable density being increased.
- 2. Providing governmental cooperation and leadership to assist the industry in producing a variety of product types and uses that are most responsive to the emerging demography of the community.
- 3. Providing incentives and direct assistance to industry, within the limitations of available resources, to facilitate the provision of housing for the very low, lower and moderate income.
- Providing incentives and direct assistance to property owners, within the 4. limitations of available resources, to facilitate the rehabilitation of the existing housing stock.

Quantified Objectives

In addition to goals and policies, Section 65583 of the Government Code requires that a housing element include quantified objectives. It is the purpose of this section of the Housing Element to quantify, through an estimate, the maximum number of housing units that could be constructed, rehabilitated, and conserved over the next five year period. This estimate assumes optimum conditions for the production of housing over the five years. Because of general plan requirements of State Law and the constraints identified in this Housing Element it is not physically, environmetally or fiscally possible for the City to fully satisfy all of the identified housing need. Such a magnitude of need, as the legislature recognized in Section 65583(b) of the Government Code, is beyond the ability of the City. The quantified objectives herein represent the most diligent good faith effort which the City of Newport Beach considers possible.

		TABLE 49	9		
MAXIMU	QUA JM NUMBER OF	NTIFIED OB HOUSING U 1989 - 199	NITS BY INCOM	IE CATEGORY	
	Very Low	Lower	Moderate	Upper	Total
 New Units Rehabilitation + Conservation 	272 8 2,000	284 8 2,990	647 1,000 2,567	1,245 2,000 1,615	2,448 3,016 9,172

Following is a detailed estimate of the projected sources of units summarized above:

1. Production of 2,448 new units is projected from the sources shown in the following table. Housing programs 1,2,3,5,9, and 12 are designed to achieve this new construction quantified goal.

NE	W HOUSING	UNITS BY IN 1989 - 1994	COME CATEGO	ORY	
	Very Low	Lower	Moderate	Upper	Total
San Diego Creek South	30	30	240	0	300
Freeway Reservation East	8	8	60	0	76
Newporter North Newport Center,	22	21	0	169	212
Block 800	24	25	0	196	245
Villa Point Remnant	9	9	72	0	90
Castaways	15	16	0	120	151
CalTrans West	22	23	0	107	152
Newport Ranch	27	27	100	118	272
= = = = = = = = = = = = = = = = = = =	157	159	472	710	1,498
Subtotal Percentage:	10.5%	10.6%	31.5%	47.4%	100%
Infill/Intensification/ CDBG	40	0	50	285	37:
Density Bonus	75	125	0	0	200
Demolition Replacement	: 0	0	125	250	37.
TOTAL	272	284	647	1,245	2,44
PERCENT	11.1%	11.6%	26.4%	50.9%	100%

^{2.} Private rehabilitation of units in the housing stock consists of remodels and improvement of standard units. Rehabilitation of lower and very low income units will involve the correction of substandard conditions and be assisted through funding programs. Housing Program 6 is designed to achieve this goal. Based on private rehabilitation for the moderate and upper income units and the HUD CDBG and

Rental Rehabilitation programs for the lower and very low income units, the following table summarizes the City's rehabilitation objectives:

		TABLE 5	1		
	Very Low	Lower	Moderate	Upper	Total
Rehabilitation	8	8	1,000	2,000	3,016

3. The following table summarizes the maximum number of units that can be conserved over the five-year period.

		TABLE S	52		
CC	CONSERVATION OF HOUSING IN NEWPORT BEACH BY INCOME CATEGORY, 1989 - 1994				
	Very Low (0-50% of Median) Income)	Lower (50-80% of Median Income)	Moderate (80-120% of Median Income)	Upper (120% of Median Income)	Total
1. Appl. of Mobile Home Park Zone Ord. pursuant					400
to Program 6	90	345	100	65	600
2. Appl. of Condo Conversion Regs. pursuant to					
Program 6	1,175	1,765	1,510	990	5,440
3. Appl. of Council Policy P-1 re. replacement housing pursuant to					
Program 6	735	880	957	560	3,132
TOTAL	2,000	2,990	2,567	1,615	9,172

Performance Relative to Regional Housing Needs Assessment (RHNA)

Article 10.6 requires a local jurisdiction to consider regional need, but recognizes that it may not be feasible to accommodate this need calculation in all cases. According to the RHNA prepared by SCAG, there is a projected regional need for additional units in Newport Beach as follows:

	TA	BLE 53	
PROJEC		EMAND IN NEWPO 9 - 1994	ORT BEACH
Household Growth	Net Vacancy Adjustment	Demoliton Adjustment	Total New Units
1,774 units	-77 units	365 units	2,062

		TABLE !	54	
Т	OTAL NEW	UNITS DISTR	IBUTED BY I	NCOME
Very Low	Lower	Moderate	High	Total
299	408	359	996	2,062
14.5%	19.8%	17.4%	48.3%	100%

For purposes of comparison, the City's Quantified Objectives are shown below in the same format as the RHNA.

	TA	BLE 55	
CITY'S QUANTIFIED GOALS 1989 - 1994			
Household Growth	Net Vacancy Adjustment	Demolition Adjustment	Total New Units
2,073 units	-77 units	375 units	2,371

TABLE 56

CITY'S QUANTIFIED GOALS DISTRIBUTED BY INCOME 1989 - 1994

Very Low	Lower	Moderate	High	Total
272	284	647	1,168	2,371
11.5%	12.0%	27.2%	49.3%	100%

HOUSING PROGRAMS

The following housing programs represent a five year schedule of actions to implement and achieve the goals, policies and quantified objectives of the Housing Element. Within the general context of Section 65583 (c) of the Government Code, and the previously described community assessment, the following housing programs and implementation actions are adopted and the implementing responsibilities are assigned.

PROGRAM 1:

CONSISTENT WITH SOUND PLANNING AND ENVIRONMENTAL STANDARDS, THE CITY SHALL ENABLE THE CONSTRUCTION OF NEW HOUSING UNITS SUFFICIENT TO MEET THE CITY'S QUANTIFIED GOALS BY IDENTIFYING ADEQUATE SITES FOR THEIR CONSTRUCTION.

- 1. Implementation Actions: The following activities shall be undertaken in support of this program:
 - a. The City identifies the following sites as adequate sites which will be made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels to meet the City's housing goals as identified pursuant to Government Code Section 65583(b). The following sites are sufficient to meet the City's housing goals as identified pursuant to subdivision (b):

	Т	ABLE 57		
	Gen.Plan	L.C.P.	Zoning	D.U.
Site	Desig.*	Desig.*	Desig.*	Capacity
San Diego Creek South	MFR	MFR	P-C	300
Freeway Reservation				
East	SFA	not in coastal zone	P-C	76
Newporter North	SFA	SFA	P-C	212
Newport Center, Block 800	MFR	not in coastal zone	P-C	245
Villa Point Remnant	MFR	MFR	P-C	90
Castaways	SFD	SFD	P-C	151
CalTrans West	SFA	SFA	P-C	152
Newport Ranch	SFA	SFA	P-C	272
Multi-Family Infill Areas	TFR&	TFR&	R-1.5,2,& 3	375
*SFA: Single Family At TFR: Two Family Res MFR: Multi-Family R P-C: Planned Commu	MFR ttached idential Residential	MFR	a h Tan Sydnyste S	373

b. When requested by property owners, the City shall continue to approve the rezoning of developed or vacant property from non-residential to residential uses when appropriate. These rezoned properties shall be added to the list of sites for residential development.

2. Responsible Official/Agency:

Action 1a: Planning Department, Planning Commission, and City Council..

Action 1b: Planning Department, Planning Commission, and City Council.

PROGRAM 2

TO ENCOURAGE THE HOUSING DEVELOPMENT INDUSTRY TO RESPOND TO THE HOUSING NEEDS OF THE COMMUNITY AS WELL AS THE DEMAND FOR HOUSING AS PERCEIVED BY THE INDUSTRY.

- Implementation Actions: The following activities shall be undertaken in support of 1. this program:
 - The City of Newport Beach shall take all feasible actions, through the use of a. development agreements, expedited review of subdivision approvals, and expedited processing of grading, building and other development permits, to encourage the construction and occupancy, at the earliest practicable opportunity, of projects approved with low and moderate income housing requirements.
 - Given the considerations of proper general planning, the California Environb. mental Quality Act, project characteristics incentives, and government financial assistance, the Planning Commission, in proposed new developments of 10 or more units, shall continue to allocate, where feasible, at least 20% of the annual production to housing affordable to low income households. Proposed new developments with fewer than 10 units shall not be subject to the negotiated development process and are exempt from the affordable housing criteria.

Through the negotiated development process up to 100% of the total units in a residential project may be affordable to low and moderate income households, either on or off site. The percentage of low and moderate income units and their proportionate mix within a development shall be determined by such factors as project location, size, density, incentives, such as density bonuses granted under Government Code Section 65915 and/or government financial assistance, whether the units are on or off site and if they are off site the characteristics of the project in which they are being provided. These units may be rental or ownership at the option of the property owner/developer. All affordable units shall be on site unless approved at an off-site location approved by the City.

For purposes of defining income groups the Housing Element uses the income table prepared by the State of California in accordance with Health and Safety Code Section 50093 (50093 Table). The 50093 Table uses the following income groups:

Very low income: 0 - 50% of the HUD Median family income adjusted for family size as shown in the 50093 Table.

50 - 80% of the HUD Median family income adjusted for Lower income: family size as shown in the 50093 Table. In areas of higher income, such as Orange County, the lower income family of four does not exceed the higher of the national median family income or the State non-metropolitan median family income.

- 90 -

Low income is the combination of the very low and lower income groups.

Median income: 80 - 100% of the HUD Median family income adjusted for family size as shown in the 50093 Table.

Moderate income: 100 - 120% of the Hud Median family income adjusted for family size as shown in the 50093 Table.

Upper income: 120% + of the HUD Median family income, not shown in the 50093 Table.

The following affordability standards shall apply to rental and ownership housing:

For rental housing the maximum tenant income shall be determined by the number of persons in a family or household and the income shall be in conformance with the 50093 Table. The rent for low income households and families shall be in accordance with the Section 8 Fair Market Rent (FMR) Table. A requirement for preferential acceptance of Section 8 certificate and voucher holders shall accompany Fair Market Rent units. Rents for median and moderate income households shall be no more than 30% of the income in the 50093 Table as follows:

an efficiency unit as if occupied by one person; a one bedroom as if occupied by two persons; a two bedroom as if occupied by four persons; a three bedroom as if occupied by six persons; and a four bedroom as if occupied by eight.

For ownership housing the maximum buyer's income shall be no more than the income standard identified in one of the six ownership allocation criteria below. These maximum buyer income limitations shall be taken from the 50093 Table and be applied to the units as follows:

an efficiency unit as if occupied by one person; a one bedroom as if occupied by two persons, a two bedroom as if occupied by four persons, a three bedroom as if occupied by six persons, and a four bedroom as if occupied by eight persons. The selling price of an ownership unit shall be no more than 3 times the buyer's income. Units may be sold to buyers with qualifying incomes for the limited sales price without regard to the number of persons in the family.

In projects of 10 to 25 units, to the extent feasible, units shall be allocated in accordance with the following criteria.

1) Rental developments with minimal development incentives and including density bonuses of 25% or less and without governmental financial assistance shall provide up to 10% of the total units in the project to low income families and individuals at FMR for a minimum of 20 years.

- 2) Rental developments with significant development incentives including density bonuses greater than 25% and without government financial assistance shall provide 10% 50% of the total project units to low income families and individuals at FMR for a minimum of 30 years.
- 3) Rental developments assisted with CDBG funds shall provide at least 51% of the total project units to low income families and individuals for a minimum of 30 years.
- 4) Ownership developments with minimal development incentives including density bonuses of 25% or less and without governmental financial assistance shall provide up to 10% of the total project units to moderate income families and individuals for a minimum of 20 years.
- 5) Ownership developments with significant development incentives including density bonuses greater than 25% and without government financial assistance shall provide 10% 50% of the total project units to moderate income families and individuals for a minimum of 30 years.
- 6) Ownership developments assisted with CDBG funds shall provide at least 51% of the total project units to low income families and individuals for a minimum of 30 years.

In projects of 25 or more units, to the extent feasible, units shall be allocated in accordance with the following criteria:

- 7) Rental developments with minimal development incentives including density bonuses of 25% or less and without governmental financial assistance shall provide at least 15-25% of the total units in the project to low income families and individuals at FMR for a minimum of 20 years.
- 8) Rental developments with significant development incentives including density bonuses greater than 25% and without government financial assistance shall provide 25 50% of the total project units to low income families and individuals at FMR for a minimum of 30 years.
- 9) Rental developments assisted with CDBG funds shall provide at least 51% of the total project units to low income families and individuals at FMR for a minimum of 30 years.
- 10) Ownership developments with minimal development incentives including density bonuses of 25% or less and without governmental financial assistance shall provide 15-25% of the total project to moderate income families and individuals for a minimum of 20 years.

- 11) Ownership developments with significant development incentives including density bonuses greater than 25% and without government financial assistance shall provide 25% 50% of the total project units for a minimum of 30 years in the following proportions:
 - 0 50% to median income families and individuals
 - 50 100% to moderate income families and individuals
- 12) Ownership developments assisted with CDBG funds shall provide at least 51% of the total project units to low income families and individuals for a minimum of 30 years.
- c. Within 30 days of receiving the periodic income revisions from the State of California, Health and Safety Code Section 50093 a report comparing "affordable" rents to market rate rents shall be prepared and distributed to the City Council and Planning Commission.

2. Responsible Official/Agency:

Action 2a: City Council; Planning Department.

Action 2b: Planning Commission.

Action 2c: Planning Commission.

Action 2d: Planning Department

PROGRAM 3

TO PROMOTE AND ASSIST IN THE DEVELOPMENT OF HOUSING FOR ŁOW AND MODERATE INCOME HOUSEHOLDS.

- 1. Implementation Actions: The following activities will be undertaken in support of this program:
 - a. The City shall continue to apply for, and use the majority of its entitlement funds under the Community Development Block Grant program to facilitate the development and construction of housing for lower and very low income households. To the extent that developers and landowners are willing to cooperate in this endeavor, the highest priority for the use of these funds shall be for the development and construction of housing affordable to "very low income" households. This may be accomplished by using the City's current and future Community Development Block Grant funds for the acquisition of land for the development of housing for very low income households, or by "writing

down" the cost of land for developers who have agreed to develop low income housing. In this regard, the Newport Beach Planning Department shall negotiate with the interested landowners and developers to determine the availability of appropriate sites for potential acquisition as very low income housing sites.

- b. The City shall continue to participate with the County of Orange in the issuance of tax-exempt mortgage revenue bonds to facilitate and assist in the financing, development and construction of housing affordable to low and moderate income households. City staff shall encourage the developers of the remaining residential sites to use tax exempt mortgage revenue bonds to facilitate the construction of low and moderate income housing on these sites.
- c. The City shall continue to participate as a member of the OCHA Advisory Committee and work in cooperation with the Orange County Housing Authority to provide Section 8 Rental Housing Assistance to residents of the community. The City shall, in cooperation with the OCHA, recommend and request the use of the modified fair market rent limits to increase the number of housing units within the City which will be eligible to participate in the program. The Newport Beach Planning Department further shall prepare and implement a publicity program both to educate and encourage landlords within the City to rent their units to Section 8 Certificate holders, and to make very low income households aware of the availability of the Section 8 Rental Housing Assistance Program.
- d. For new developments proposed in the Coastal Zone areas of the City (comprising approximately 40% of Newport Beach), the City shall require the provision of housing affordable to persons or families of low and moderate income, where feasible in projects of 10 or more units. Whenever practicable, the City shall require the units be located on-site; alternatively, the City may permit the developer to locate the units off-site but within the Coastal Zone, or within three (3) miles of the Coastal Zone (within Newport Beach). All residential developments of three units or more within the Coastal Zone shall require a Coastal Residential Development Permit. Determinations of feasibility, and the procedures relating to the provision of low and moderate income housing within the Coastal Zone, shall be governed by Newport Beach City Council Policy P-1.
- e. The City Council shall have the discretion to review and waive planning and park fees, and modify development standards (e.g. parking, setbacks, lot coverage, etc.) for developments containing low and moderate income housing in proportion to the number of low and moderate income units in the entire project.
- f. When a developer of housing agrees to construct housing for persons and families of low and moderate income, the City shall either (1) grant a density

bonus or (2) provide other incentives of equivalent financial value, in accordance with the provisions of Government Code Section 65915, et seq.

g. When it is determined to be of benefit, the City shall participate in other housing assistance programs that assist the production of housing.

2. Responsible Official/Agency:

Action 3a: City Council; Planning Director.

Action 3b: City Council; Advance Planning.

Action 3c: City Manager; Planning Director.

Action 3d: Planning Commission; Planning Director.

Action 3e: City Council.

Action 3f: City Council.

Action 3g: Planning Department; City Council

PROGRAM 4

TO APPROVE, WHEREVER FEASIBLE AND APPROPRIATE, MIXED RESIDENTIAL AND COMMERCIAL/INDUSTRIAL USE DEVELOPMENTS THAT IMPROVE THE BALANCE BETWEEN HOUSING AND JOBS.

- 1. Implementation Actions: The following activities shall be undertaken in support of this program:
 - a. The City and the developer of proposed major commercial/industrial projects shall assess the housing impact of such projects during the development review process. Prior to project approval, a housing impact assessment shall be developed by the city, with the developer's active involvement. Such assessment shall indicate the magnitude of jobs to be created by the project, where housing opportunities are expected to be available, and what measures public and private are necessary, if any, to ensure an adequate supply of housing for the projected labor force of the project.
 - b. In major projects involving commercial and industrial uses, the City shall require wherever feasible, the development of housing that is geared to the affordability range of the projected labor force.

2. Responsible Official/Agency:

Action 4a: Planning Department

Action 4b: Planning Commission and City Council

PROGRAM 5

TO IMPROVE THE EFFICIENCY OF THE DEVELOPMENT PERMIT PROCESS.

1. Implementation Actions: The following activities shall be undertaken in support of this program.

- a) The Current Planning Manager is designated to coordinate the review and decision-making with respect to, and to provide information regarding the status of, all permits and applications required for residential developments by the City.
- b) The Planning Department shall periodically review its development approval process and make revisions when necessary. The Department shall also revise appropriate Development Procedural Guides to reflect any changes.
- 2. Responsible Official/Agency:

Action 5a: Current Planning Manager.

Action 5b: Planning Department.

PROGRAM 6

TO CONSERVE, REHABILITATE, IMPROVE, AND REDEVELOP THE EXISTING HOUSING IN-VENTORY.

- 1. Implementation Actions: The following activities shall be undertaken in support of this program.
 - a) The City shall vigorously enforce all building and zoning codes in order to conserve the habitability of the existing housing stock.
 - b) The City shall maintain rental opportunities by restricting conversions of rental units to condominiums unless the vacancy rate in Newport Beach for rental housing is 5% or higher for four consecutive quarters, and unless the property owner complies with the condominium conversion regulations contained in Chapter 20.73 of the Newport Beach Municipal Code.

- c) The City shall continue to evaluate mobile home parks to determine which additional mobile home parks should be rezoned with the Mobile Home Park Zone overlay designation (Chapter 20.20 of the Newport Beach Municipal Code), in order to preserve mobile home park land uses.
- d) The City shall require the replacement of housing demolished within the Coastal Zone areas of Newport Beach when the housing to be demolished is, or within the immediately preceding 12 months has been, occupied by low and moderate income households. The City shall further require that no such demolition be accomplished unless a Coastal Residential Development Permit has been issued. The specific provisions implementing these replacement unit requirements are contained in Newport Beach City Council Policy P-1.
- e) With the approval of HUD the City and the Orange County Housing and Community Development Program Office shall participate in a cooperative program for administration of the HUD Rental Rehabilitation Program in Newport Beach. Energy efficient products shall be required when appropriate.
- f) As long as the need exists, the City shall continue to use a portion of its CDBG money to fund its emergency home repair program. Energy efficient products shall be required when ever appropriate.

2. Responsible Official/Agency:

Action 6a: Planning Department; Building Department.

Action 6b: City Council; Planning Commission.

Action 6c: City Council; Planning Department.

Action 6d: Planning Commission; Planning Director.

Action 6e: Planning Department; City Council.

Action 6f: Planning Department; City Council.

PROGRAM 7

TO PROMOTE HOUSING OPPORTUNITIES FOR ALL PERSONS REGARDLESS OF RACE, RELIGION, SEX, MARITAL STATUS, ANCESTRY, NATIONAL ORIGIN, OR COLOR.

1. Implementation Action: The following activity shall be undertaken in support of this program:

- a. The City shall continue to retain and support a Fair Housing service acceptable to the United States Department of Housing and Urban Development to conduct its Fair Housing Program and manage its landlord/tenant complaints.
- 2. Responsible Official/Agency:

Action 7a: Planning Department; City Council.

PROGRAM 8

TO PROMOTE A GREATER CHOICE IN HOUSING OPPORTUNITIES FOR ELDERLY RESIDENTS OF THE COMMUNITY.

- 1. Implementation Actions: The following activities shall be undertaken in support of this program:
 - a. The City shall continue to permit the development of senior citizen housing facilities in all residential and commercial zoning districts persuant to Zoning Code Sections 20.10.020(c) and 20.20.020(b).
 - b. Where appropriate, the City shall continue to permit the development of "granny" units in single family areas of the City.
- 2. Responsible Official/Agency:

Action 8a: Planning Department; Planning Commission.

Action 8b: Planning Department; Planning Commission.

PROGRAM 9

TO PROVIDE FOR THE DEVELOPMENT OF A VARIETY OF HOUSING TYPES AND PRODUCTS FOR ALL INCOME LEVELS OF THE COMMUNITY.

- 1. Implementation Actions: The following activities shall be undertaken in support of this program:
 - a. Adequate sites are identified in this Housing Element to meet the City's quantified objectives.
 - b. The City will continue to permit the installation of mobilehomes, factory-built housing, or any other construction technology, provided that such product complies with the development standards of the community and is compatible with

the planning, aesthetic, and other applicable considerations of the specific neighborhood in which such product is proposed.

c. Consistent with development standards in multi-family and commercial areas, the City will continue to permit emergency shelters and transitional housing.

2. Responsible Official/Agency:

Action 9a: City Council.

Action 9b: Planning Commission.

Action 9c: Planning Commission.

PROGRAM 10

TO REVIEW THE HOUSING ELEMENT ON AN ON-GOING BASIS TO DETERMINE THE APPROPRIATENESS OF GOALS AND PROGRAMS AND THE PROGRESS OF THE CITY IN HOUSING ELEMENT IMPLEMENTATION.

- 1. Implementation Actions: The following activities shall be undertaken in support of this program:
 - a. The City Planning Department will monitor progress on each of the objectives in the Housing Element program, and when appropriate, report its findings to the Planning Commission and the City Council.
 - b. Revision of the Housing Element will be initiated on the basis of the monitoring reports and will incorporate the most current data on housing and household characteristics, as well as housing market trends.

2. Responsible Official/Agency:

Action 10a: Planning Department.

Action 10b: City Council.

PROGRAM 11

TO ENSURE THAT THE PROGRAMS SET FORTH IN THE HOUSING ELEMENT WILL CONTINUE TO BE CONSISTENT WITH THE OTHER ELEMENTS OF THE NEWPORT BEACH GENERAL PLAN, AS WELL AS THE CODIFIED GOALS OF THE CITY.

- 1. Implementation Action: The following activity shall be undertaken in support of this program:
 - a. Whenever land use regulations, land use designations, or housing programs are proposed for adoption or modification, the Planning Department shall undertake an analysis to determine that the proposed action or regulation is consistent with both the Housing Element and the other elements of the Newport Beach General Plan, as well as all adopted City Council Policies. If the Planning Department determines that the proposed program or policy is not consistent, the Planning Department shall recommend to the Planning Commission and City Council either that the proposed program or action be modified to achieve consistency, prior to adoption, or that each potentially inconsistent General Plan element or City Council Policy be amended in conjunction with the approval of the proposed regulation or action. Consistency shall be achieved whenever a regulation, action or project is approved.
- 2. Responsible Official/Agency:

Action 11a: Planning Department.

PROGRAM 12

TO PROVIDE FOR THE NEEDS OF PERSONS AND FAMILIES IN NEED OF EMERGENCY SHELTER AND TRANSITIONAL HOUSING.

- 1. Implementation Actions: The following activities shall be undertaken in support of this program:
 - a. The City shall continue to inquire into the extent of homelessness in Newport Beach and promote the collection of data on homeless persons.
 - b. The City shall allocate a portion of its Community Development Block Grant (CDBG) funds to social service agencies that provide services to the homeless. These funds shall be allocated in conformance with the procedures prescribed by the CDBG program.
 - c. The City shall also allocate a portion of its non-social service CDBG funds to a County-wide CDBG matching fund for the purpose of providing housing for the homeless. A committee or task force must be created to direct the use of these funds and the City must have representation on that committee or task force. The City Council must approve the proposed program or programs prior to release of funds. Should this implementation action not occur, these funds will be reallocated to a local housing program for lower income or homeless families.

- d. The City shall participate on the Orange County Homeless Issues Task Force.
- 2. Responsible Official/Agency:

Action 12a: Planning Department

Action 12b: City Council

Action 12c: City Council

Action 12d: Planning Department

PROGRAM 13

PRESERVATION OF EXISTING LOW INCOME HOUSING

- 1. Implementation Actions: The following activities shall be undertaken in support of this program:
 - a. The City shall investigate the availability of federal, state and local programs for preservation of existing low income uses eligible to change to non-low income uses during the next ten (10) years and maintain a list of these programs by January 1993.
 - b. At the time negotiations to preserve low income units occurs, the City shall identify and contact organizations or agencies which have the legal and managerial capacity to acquire and manage housing units should a need arise for such services.
 - c. Whenever possible, the City shall preserve existing low income units with federal, state and local programs.
- 2. Responsible Official/Agency:

Action 13a: Planning Department

Action 13b: Planning Department

Action 13c: City Council/Planning Department

III. APPENDIX

1984 Housing Element Review

State law requires that the City's Housing Element be reviewed as frequently as appropriate and that it be revised as appropriate, but not less than every five years, to reflect the results of the review. The last revision of the Housing Element occurred in 1984. When a Housing Element is reviewed, it is required that all of the following be evaluated:

- 1. The appropriateness of the housing goals, objectives, and policies in contributing to the attainment of the state housing goal.
- 2. The effectiveness of the Housing Element in attainment of the community's housing goals and objectives.
- 3. The progress of the City in implementation of the Housing Element.

When a city has land within the Coastal Zone, the review must also take into account housing required pursuant to coastal requirements. This evaluation must include the following:

- 1. The number of new housing units approved for construction within the coastal zone after January 1, 1982.
- 2. The number of housing units required to be provided in new housing developments either within the coastal zone or within three miles of the coastal zone for persons and families of low or moderate income, as they are defined in Section 50093 of the Health and Safety Code.
- 3. The number of existing residential dwelling units in the coastal zone that have been authorized to be demolished or converted since January 1, 1982, that were occupied by persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code.
- 4. The number of residential dwelling units required for replacement of units authorized to be demolished or converted that were occupied by persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code. The location of the replacement units, either on site, elsewhere within the locality's jurisdiction within the coastal zone, or within three miles of the coastal zone within the locality's jurisdiction, must also be designated in the review.

Housing Element General Review

In the course of administering the Housing Element and preparing the 1989 Housing Element review and revision, the City determined that the goals and policies of the Housing Element contribute to the attainment of the State housing goal; consequently, the goals and policies have not been modified in this revision. Specific program objectives (housing programs) that have not been effective have been modified or deleted and some new programs have been added.

Measured in the broad context of total units needed, as determined by the Regional Housing Allocation Model (RHAM), the Housing Element goals, policies, program objectives, and quantified objectives have contributed significantly to the attainment of the State housing goal. In the Housing Element, the City extended the 1/1/83-1/1/88 RHAM one year to 1/1/89. Extending the RHAM an additional 6 months to include the time up to the current Regional Housing Needs Assessment (RHNA), the total housing need is 2,029 new units. According to State Department of Finance estimates of total housing units, 2,138 units were produced in the City over the 6 year period 1/1/83-1/1/89. This 6 year production exceeds the number of units needed for the six and one-half year period by 109 units.

When the City revised the Housing Element in 1984, it adopted new quantified objectives for the five year period July 1, 1984 to July 1, 1989. Those quantified objectives are summarized in Table 92, page 175, of the 1984 Element. The following table shows the production of units for the same five year period.

Housing Units Produced from July 1, 1984 to July 1, 1989

New Units					
(Major Projects)	Very Low	Low	Moderate	<u>Uppe</u> r	Total
Morgan			2	15	17
Spinnaker Bay (Wale)			1	9	10
Belcourt				168	168
Allred			(5)*	50	50
Gfeller			4	36	40
Plummer Court			1	8	9
Morning Canyon			1	13	14
Big Canyon10			(2)*	21	21
5th & MacArthur			(9)*	43	43
Big Canyon 16			(8)*	80	80
5th Avenue			(10)*	100	100
Newport Seacrest	20	45			65
North Ford	23	27	520	279	849
Marguerite			(5)*	47	47
Newport Seaside	25				25
Seashore Apts.	15				15
Bayview				233	233
New Units Constructed	83	72	529	1,102	1,786
Baywood			39		39
Total Units by Income	83	72	568	1,102	1,825

^{*}Affordable units provided offsite at Baywood Apts.

Development of new residential units in projects considered to be major projects by the City totaled 1,786 units. The projected total new construction of 2,648 residential units was not achieved because the City over projected development on some sites and the owners of two large properties did not construct any of the 1,085 units to which they had General Plan entitlement. If these two projects would have been constructed 2,871 units would have been developed over the five year period. This new unit production would have been 223 units greater than the total quantified goal and 49 units greater than the 525 unit annual goal. To offset the units that did not get constructed, the City used Housing Element programs that resulted in the production of units that could not have been anticipated in 1984. Adjusting the 2,648 units by the 124 units over projected, the reduction of 1,085 units should have resulted in the production of only 1,439 units. However, as

shown in the table above, 1,786 units were produced. Thus, 347 units were produced from sources not anticipated in 1984.

New units constructed in small projects, including second units and "granny" units, and redevelopment units are estimated at approximately 375 for the period July 1, 1984-July 1, 1989. This total development exceeds the City's quantified goal of 250 units by 125 units. The income groups of the occupants of these units can not be determined by the City.

Building permits for remodeling are the only source of information that the City currently has on housing rehabilitation activities in the community. It is not possible to determine which of the several thousand building permits for remodeling were for the purpose of rehabilitating substandard units. As the community analysis data indicates, the City does not have a significant problem with substandard units. Due to the high land values in the community most rehabilitation is done without involvement of the City. During the last five years the City has not been involved in a property condemnation. The City has assisted one very low income resident repair a roof with it's CDBG emergency home repair program. The City has not experienced a significant number of requests for rehabilitation assistance. Until the 1990 Census is published, the City will not know the extent of substandard units in the community.

The City's efforts to conserve sources of affordable housing are achieved through application of the Mobile Home Park Zone, the Condominium Conversion Regulations and Council Policy P-1. During the five year period, the City has not had an application to convert a mobile home park. The vacancy rate provision of the Condominium Conversion Regulations has prohibited applications for the conversion of rental units to condominiums. Council Policy P-1 has permitted the demolition of only 16 units during the five years. None of these units had low and moderate income occupants. It is estimated that an additional 150 units not subject to the regulations listed above, single family and duplex units, were lost through demolition. It is not possible to determine the income group of the occupants of these units.

From the information presented above it is clear that the Housing Element is an effective policy tool that has resulted in the attainment of the City's overall housing objectives for the development, rehabilitation, and conservation of housing. The City has also made significant progress in the implementation of the Housing Element. This progress is measured by the following actions taken to produce affordable housing units. As shown in the above table, 684 housing units were produced for very low, low and moderate income households. The City had estimated that it could produce 602 units in these income groups. In these same income groups the RHAM showed a need for 1,048 units over the six and one-half year period. As recognized by State law, this need was well beyond the capacity of the City. In order to achieve the 155 very low and low income units, it was necessary for the City to use significant amounts of government assistance. The City took the following actions to achieve these units, thereby implementing the program objectives of the Element:

- 1. Redesignated three nonresidential sites for residential use and approved 824 units.
- 2. Granted density bonuses on three developments under Section 65915 of the Government Code. These bonuses were on sites zoned for 20 units per acre and all three were 50% or greater.
- 3. Used \$2,417,000 in CDBG funds to assist 140 of the units. This amounted to 90.1% of the City's CDBG allocation.
- 4. Waived park fees and road improvement fees.
- 5. Approved modifications to development standards.
- 6. Expedited all City processing.
- 7. Submitted a California low income housing tax credit application for the developers of one project.
- 8. Used rent standard incentives to promote the use of Section 8 rental assistance on 60 units.

The City further implemented the program objectives of the Housing Element by taking the following actions to achieve the 529 units of moderate income housing. These 529 units exceeded the City's projected goal of 432 units by 97 units.

- 1. The City approved an agreement for the use of tax exempt revenue bonds to assist the development of 520 units.
- 2. Through the negotiated development process the City required the provision of 39 units.
- 3. A nonresidential site was redesignated for residential use and 40 units were approved for development.
- 4. Nine units were constructed as a result of the application of Council Policy P-1.

The City also allocated \$60,800 of its remaining CDBG funds to assist agencies that provide shelter and assistance to the homeless. When combined with the funds used for new housing, 92.3% of the City's CDBG funds were used for housing purposes. The City contracted with a fair housing agency to handle its fair housing program. Several procedural guides were prepared to assist developers with the City's permit process.

Housing Element Coastal Zone Review

The City of Newport Beach uses Council Policy P-1 to guide the implementation of Government Code Section 65590 et. seq. During the period from January 1, 1982, through April 1, 1989, 13 new housing developments were approved by the City under Council Policy P-1 for construction within the coastal zone. Of the 256 new housing units within these developments, 37 units were required to be developed and maintained as housing affordable to low and moderate income persons pursuant to Section 65590 and Council Policy P-1. During this same period, the City permitted landowners to demolish 7 housing projects within the coastal zone. Of the 29 units demolished, only 5 were occupied by low and moderate income persons. The City required the developers and landowners to provide 2 units of replacement housing for low and moderate income persons. The 2 new housing units required as replacement units were provided onsite. The two replacement units are included in the total of 37 units required to be affordable. Forty-four of the new housing units were approved for construction on the seven redeveloped sites. Thus, in this 87 month period, the City approved the construction of 256 units in new housing developments in the coastal zone, for a total net increase of 227 dwelling units, and net increase of 32 units affordable to low and moderate income families.



